Table of Contents

Bibliography

PREFACE

This guide was written to help those people responsible for orientating and training members of the boards of directors of the nonprofit corporations that serve as grantees for Migrant and Seasonal Farmworker (MSFW) Programs. Most MSFW program grantees have a long history as community-based organizations providing education, job training, and supportive services to migrant and seasonal farmworkers through funds from U.S. Department of Labor grants. These grants are administered by the Employment and Training Administration's Division of Seasonal Farmworker Programs (DSFP). The boards of the nonprofit corporations serving as grant recipients are critical linchpins between the Department of Labor and the employment and training programs that they administer. The boards are the entities with which DSFP must negotiate grant agreements and those that subsequently assume responsibility for the operation of programs.

In recognition of the boards' significance in delivering community-based services to seasonal farmworkers, DSFP sponsored the development of several resources tools to support board education, orientation, and training activities at the local level. These tools include:

C   *Technical Assistance Guide for Migrant and Seasonal Farmworkers Program Nonprofit Boards* is a source of information on board functions and procedures to assist trainers of local boards.

C   *A Board Member's Guide* is a booklet for board members' personal use that parallels the technical assistance guide in a condensed question-and-answer format.

C   *How To Train—A Quick Reference Guide to Effective Training* instructs trainers on basic training methods.

As one of these tools, this technical assistance guide was specially written as a compendium of basic information required for average boards to function at optimal levels. It does not represent an exhaustive reference text, nor does it provide the depth on topics that may be needed in some instances. This guide was written to address the typical information needs of nonprofit board members. Its goal was to help board trainers by getting relevant information together in one place in a user-friendly format.

*   *   *   *

ACKNOWLEDGMENTS

We first want to recognize the staff of the U.S. Department of Labor's Employment and Training Administration's Division of Seasonal Farmworker Programs (DSFP), who under the leadership of Charles Kane, former DSFP Chief, provided the impetus for the project that produced this document. Thomas M. Dowd, the current Division Chief, not only continued to promote the merits of good board training, but also put his shoulder to the wheel by personally directing staff reviews. His knowledge of nonprofit boards kept the project well focused and productive while his leadership sent the critical message that strong, effective boards are important.

We are grateful to Barbara Caldwell, the Contracting Officer's Technical Representative. She cheerfully managed and coordinated the many activities that enabled us to understand the context for the guide, got us through the review process, and connected us with the grantees.

Michael Jones, a former Migrant and Seasonal Farmworker (MSFW) Programs grantee administrator assigned to DSFP, contributed valuable insight into MSFW boards and their issues. His technical knowledge of the subject and his personal experience added value to the review process. He not only could identify weaknesses, he also made useful suggestions for strengthening text. Many of Mike's ideas and recommendations are represented in the guide.

Special gratitude goes to the MSFW grantee work group members who reviewed the guide. They represented the audience for this product, and only they could respond to our questions about the relevance and usefulness of the document. The work group read diligently, shared their criticisms, and offered help in resolving shortcomings. But more importantly to us, they shared praise as well. Their encouragement and support got us over the last hurdles with grace and enthusiasm. Work group members are:

C   Stuart J. Mitchell, Executive Director, Rural Opportunities, Inc.

C   Richard Joanis, Executive Director, Telamon Corporation

C   Kevin Boyd, State Director, Motivation, Education, and Training, Inc.

C   Clevon Young, Executive Director, Arkansas Human Development Corporation

C   Ella Ochoa, Executive Director, NAF Multicultural Human Development Corporation

C   Sharon Liederman, Executive Director, Rural Employment Opportunities, Inc.

C   Ernie Flores, Executive Director, Central Valley Opportunity Center, Inc.

Authors of documents of more than 20 pages usually have help, and this guide is no exception. Edwin Ridgway, as KRA's Project Director, did the research and background review that set the stage for the writing. His close collaboration with DSFP and the grantees led to the selection of topics for the guide.

Writing chores were shared by two KRA staff. Joe Kirchner collaborated on writing the section, "Board Members As Strategic Planners." His expertise in strategic planning is greatly appreciated. Dale McCollough designed the format for the guide and rewrote major sections to make the guide more user friendly. They were as committed to a quality product as anyone associated with the writing and development of the guide. We thank them. And, last but not least, gratitude is extended to the KRA Publications Department and to Tracy Bradshaw, a KRA senior associate whose management and coordination skills contributed significantly to the quality and final production of this document.

Lee Bruno
Author

*   *   *   *

INTRODUCTION

Background

Nonprofit corporations that serve education, charitable, or other human development purposes are governed by boards of directors in accordance with State and Federal laws and practices that have evolved over time. Federal laws are the same for every nonprofit. State laws affecting nonprofits vary but are usually consistent in philosophy and general tenor. Practices, however, vary widely, with intense debates raging over how board members should conduct the affairs of the corporation. Even the minutia of how meeting minutes are kept can lead to opposing positions.

Nonprofit corporations are formed when a group of concerned community members gets together with a shared problem and a commitment to solve it. When their study of the issues leads to the conclusion that forming a nonprofit corporation is the best way to implement a solution to the problem, a new and unique organization is created. The group's purpose or mission is the motivation for forming the corporation.

Because the conditions that give birth to nonprofit corporations are so different, board practices that have evolved are also very different. The "correct" process is the one that fits best within the context in which it is used and serves the corporation's best interest. Whether it translates well to another nonprofit corporation is another matter and explains why there is no firm agreement across nonprofit corporations on the best ways to conduct their work.

The Board's Work

The boards of directors, sometimes referred to as "trustees," are the people held accountable for the actions of the corporation. They govern through their policies and bylaws, usually relying on staff and sometimes contractors, to administer the organization and implement the projects that support their mission.

The greatest struggle for boards is understanding the distinction between issues of governance and issues of administration because all work and responsibility emanates from the board's governance. If one can imagine a line that starts with the board and extends to a farmworker sitting in a classroom, at what point on that line do governance tasks end and administration tasks begin? This document offers guidance to board members for making those distinctions, realizing that there is a no set of rules that fits the uniqueness of every nonprofit corporation. There is, however, a philosophy we have discerned in our research and work with nonprofit boards that has guided our treatment of those topics in the guide.

Governance concerns decisions about:

C   The ends being pursued by the corporation—its mission, goals, and
         justification for use of resources.

C   The boundaries within which staff may work—limitations on
         responsibilities, activities, and methods that are assumed by staff in pursuit
         of the corporate ends.

C   The processes used by the board to determine its accountability,
         philosophy, and productivity.

This philosophy implies that board work is about the big picture, not the details.
And although boards may have the ultimate responsibility for all the tasks involved
in fulfilling their missions, they are not charged with personally performing those
tasks. Board responsibility resides in how the board governs the corporation.

How To Use The Guide

This guide is a compilation of information that board members will find useful in
helping them understand the work of governance and translate that understanding
into useful practices for their situation. The guide is organized into seven chapters.

The most critical information is found in Chapter 1. It explains in simple terms
what a corporation is, legal and tax issues for nonprofit corporations, and board
members liability, duties, and standards of behavior. Every board member needs to
be well grounded in this material.

Chapter 2 speaks to the issue of board leadership and independence. The duties of
governance are emphasized around three critical areas: policy setting, strategic
planning, and community liaisons. These are the areas that allow boards to assert
their leadership role.

Chapters 3 and 4 focus more on the actual process of board work: staying
organized, attracting and sustaining good board members, and methods for running
effective and efficient meetings.

Chapter 5 is dedicated to the task of fiduciary oversight set in the context of the
Migrant and Seasonal Farmworker (MSFW) Programs grants. It provides the
reader with concrete instructions for producing useful reports for board member
use and offers suggestions for alternative methods to obtain oversight information.

Chapters 6 and 7 look at the task of sustaining the corporation, another board
responsibility. General information on fundraising and the options open to boards
for gathering resources to support their corporate mission are discussed in Chapter
6. This chapter also provides the reader with a summary of the new

funding system confronting boards in the form of State block grants, empowerment zones, and enterprise zones. Chapter 7 is a discussion of how to create partnerships that address the requirements of the new funding system.

The expectation is that local trainers, either organizational staff, board members, or their agents, will use the guide information selectively as content for training that meets their board's particular needs. It is not assumed that all boards need training on all the topics covered in the guide.

In cases where more indepth information is needed, the guide offers additional reference sources in the annotated bibliography.

Although written as a tool for trainers, the guide may also be useful reading for some board members, in whole or in part. Selections from the guide can be combined to create a board orientation book that is sensitive to local issues and concerns. Or the guide can serve as a self-evaluation tool for boards by providing a basis for comparison on key board functions and procedures.

Readers are reminded that there are many documents available on the subject of nonprofit boards, how they should function, and what methods make them effective. No two agree on every point, suggesting that there is considerable room for interpretation on many of the topics covered in the guide. *The guide represents a common sense approach to board governance that focuses on those principles with which most authorities have general agreement.* As the trustees for the nonprofit corporations responsible for MSFW training and services, the board members must exercise their judgment about how to apply the information here to strengthen their work.

<p style="text-align:center">*　　*　　*　　*</p>

CHAPTER 1

UNDERSTANDING RESPONSIBILITIES OF MEMBERS OF THE BOARD OF A NONPROFIT CORPORATION

SUMMARY

Board volunteers may not be aware of the responsibilities they assume as board members, their legal status, their relationship to the corporation, the standards of conduct, and commitments that accompany board membership. To function safely as a member of a nonprofit corporation, board members need to first understand what a nonprofit corporation is since many of their responsibilities are derived from the corporation's rules and policies. Other responsibilities are established by State laws and some are derived from the Internal Revenue Service which sets conditions for being exempt from Federal taxes. In addition, there are ethical considerations that represent the public's expectations for appropriate conduct of those people who govern nonprofit boards.

I.   Understanding Nonprofit Corporations

The nonprofit corporations operating Migrant and Seasonal Farmworker (MSFW) Programs have a long history of service to migrants and seasonal farmworkers. The corporations were created to address a need among a particularly vulnerable segment of the workforce, a workforce that for many reasons was isolated from services available to other workers. The decision to incorporate as a nonprofit corporation was a deliberate one. Understanding the nature of a nonprofit corporation explains why the founders of the organization chose this form of organizational structure and sets the stage for board members to understand better the implications of their actions. One cannot be an effective board member if one does not understand the structure of a nonprofit corporation.

Nonprofit corporations offer many advantages to organized community groups and are commonly used to govern and control funds and staff needed to implement community projects. To incorporate is to create a corporation according to the laws of the State where the group resides. A corporation is a legal entity with rights, liabilities, and privileges that are apart from those of the individual board members. Community groups usually choose to be an incorporated governing board when their mission entails directing project work, handling funds, or engaging staff or contractors to do project work. There are extensive liability risks inherent in these tasks.

The board of directors is a governing body that has responsibility as a legal entity. The board of an incorporated nonprofit organization, rather than individual board members, makes decisions and is accountable for its actions. Although membership on the board is temporary, the corporation on which a board member serves lasts until legally dissolved. Even the Chairperson of the board cannot assume any authority not specifically granted by the board. Therefore, board members have no authority as individuals, other than that delegated to them by the board.

A.   Advantages of Incorporating

The advantages of incorporating are:

- **Tax exemption**—Incorporating makes it possible to obtain a tax-exempt status. As recipients of funds, incorporated boards typically find it to their advantage to apply for nonprofit status with the Internal Revenue Service (IRS) under the provisions of Section 501(c)(3) of the IRS code. Consequently, incorporated boards with responsibility for community projects are frequently referred to as "nonprofit" or not-for-profit boards. Most States exempt nonprofit organizations from paying State sales and utilities taxes, while contributing to Federal Insurance Contribution Act (FICA) is optional. In addition, contributions to the organization are not tax deductible for the contributor unless the recipient is a certified nonprofit organization. [1]

- **Continuity**—A corporation exists until it is legally dissolved, hopefully as the result of accomplishing its mission and goals. The corporation can even remain inactive indefinitely, as long that it complies with annual reports to the State about its status and activity.

- **Uniform set of rules**—Incorporated boards operate by a set of consistently applied rules or bylaws. Organizations that transact business with them know what the rules are and are comfortable with entering into contracts or agreements. Foundations, Government agencies and vendors are reluctant to enter into any agreements or transfer funds to community groups that are not incorporated. Failure to incorporate greatly restricts the

---

[1]   Howard L. Oleck and Martha E. Stewart. *Nonprofit Corporations, Organizations and Associations* Sixth Edition. Prentice-Hall. Englewood Cliffs, N.J. 1994, p. 899 .

---

scope and access community groups have to sources of support and influence and even makes ordinary business transactions, e.g., the purchase of equipment or lease of space, difficult.

- **Limited liability**—In this litigious society, any member of an organized community group would have reasonable concerns about his or her individual liability for the actions of the group, especially where there are calculated risks, e.g., managing project work or managing donations or grants. Incorporation shifts liability from individual members to the corporation as the legal entity that is liable. As long as board members act responsibly and take reasonable precautions to safeguard funds and comply with applicable laws, they are unlikely to be liable for actions of the corporation or its staff.

   One exception is the board's liability for taxes owed IRS on employee wages. IRS has been known to hold volunteer board members liable for unpaid Federal taxes that were not withheld from employees of the corporation. Board liability insurance is an additional and recommended safeguard available to corporations that provides further protection. The best protection is for board members to install systems and personnel that will attend to basic requirements of the organization and then monitor them through periodic reports and audits.

B.   Functions of Incorporated Boards

There are several essential functions that all boards have; there are other functions that are optional.

Boards of nonprofit corporations have several primary and fundamental functions that can be translated into a greater number of tasks. It's first important to understand the basic functions. First, boards are responsible for defining the mission and developing a strategy for fulfilling it. This function can be translated into work performed directly by the boards as well as work performed by agents of the board—staff or contractors. Within this function is the work related to:

C   Planning

C   Setting policy that establishes boundaries and values for the way staff administer the work of the organization

C   Securing the needed resources to support the organization

C   Establishing the infrastructure necessary to for the organization to operate effectively

A second fundamental function of boards is to justify the use of their resources to the public—i.e., to demonstrate that the benefits accrued are at least equal to the cost of pursuing their mission. This means that boards must focus on end results and be accountable for how resources were used. This translates into tasks related to:

C   Safeguarding resources and assuring that money has been spent for the purpose for which it was solicited

C   Overseeing or monitoring of programs

C   Producing analytical reports of their outcomes and costs

Third, the incorporated board is responsible for its continuance and maintenance. Therefore, boards must:

C   Replace directors or trustees.

C   Update bylaws.

C   Train and educate board members and.

C   Undertake other tasks that assure the continued survival of the corporation.

Aside from these essential basic functions, boards have several options for roles that they may assume to further the corporation's mission. These options are predicated on how the board members view their relationship to the project and the corporation as well as the talent and interests of the individual members. Below are summaries of some of the most common roles that boards can assume, either directly or indirectly through staff or consultants.

•   **Fundraising and resource development**—Boards have many options for how they may raise money: planning fundraising events, writing grant applications, making appeals to Government and other financial sources, or soliciting contributions from people with whom they have influence. Resource development can also include aligning with partners to increase the group's resource pool. Board members who choose this role are usually experienced in

these tactics, or they employ experienced staff. Fundraising has become a professional specialization and such experts are used by even small, community-based boards to raise needed money to support their projects.

There are special implications for fund raising methods. While organizers can raise money, OMB Circular 102 prohibits the use of Federal funds to finance general fundraising activities.

Writing grants is not subject to this prohibition, however, as long as the grant benefits the participants of the program that financed the grant writing effort. For example, the MSFW grant can provide the grant writer and other costs associated with the writing of a grant application to Housing and Urban Development (HUD). The HUD grant provides benefits to farmworkers served by the MSFW grant.

- **Public relations**—Boards are frequently good-will ambassadors for their corporations. Board members or directors may make presentations to community clubs and organizations or use various media to convey the corporation's message. Good public relations is often key to successful fundraising, so the approach used to educate the public about the corporation and its work is as important as the content of the message.

- **Market research**—Board members can use their contacts to research the feasibility of expanding the project into a new arena, the cost of a new facility, how to gain access to influential community stakeholders, or what approach has worked or failed. Information can sometimes be acquired easier through board members' informal relationships than through the channels normally open to project staff.

- **Advocacy**—Although there are very limited circumstances where lobbying by a nonprofit corporation is legal, lobbying is generally not an acceptable practice or role for a 501(c)(3) corporation. Another source of restrictions on lobbying stems from the prohibition on the use of public funds. MSFW and other Federal money cannot be used for any lobbying activity. The IRS has not defined what constitutes lobbying in terms precise enough to provide guidance on all possible activities. However, assuming the

role of advocate or educational arm of a segment of the community is appropriate.

Board members can be both safe and effective if they are educating elected officials about the implications of proposed legislation or policies on the board's goals and mission. Board members who have contacts within Government circles can informally explain the board's position on community needs, thus serving an important function of advocacy for the organization's mission while also helping the elected official make a more informed decision.

- **Training staff or performing other technical project work**—Sometimes board members are drawn to the board because of their interest and experience in the type of work performed by the corporation. Board members who are expert in relevant fields can be invaluable as technical advisors to the staff and are important board assets. By donating their time, they can bring needed expertise that makes the corporation more effective and credible in the community.

Roles are not necessarily constant. As the areas of responsibility change, either in character or size, roles of the boards may change accordingly. Likewise, as board membership changes, interest and talent vary so that the board may assume different roles in keeping with the skills and interests of the board members. Boards that are inflexible about their roles will not serve the organization well since need and circumstances rather than tradition are the critical factors that dictate a board's role. Board members who can be responsive to the needs and circumstances of the corporation can make the difference between success and failure of a project.

C.   Articles of Incorporation and Bylaws

Articles of Incorporation comprise the legal document that defines the corporation *and are largely prescribed by the State.*   Bylaws are the rules by which the corporation will conduct its business *and are prescribed by the board members.*

Articles of Incorporation must comply with the State's requirements for incorporating by setting out the name of the organization, the number of board members and the purpose of the organization, and other information required by law. Articles of Incorporation are dictated by the requirements of the State and frequently can be written by using forms developed by the State. They are by their nature very general and prescriptive.

Bylaws, as rules for conducting the board's business, constitute a contract between the board members and the organization. The number and type of corporate officers, their duties, how meetings are managed, method by which board members are replaced, the definition of a quorum, duties and functions of standing committees, how conflicts of interest are resolved and, most importantly, how the bylaws are amended are some examples of these rules. Bylaws are more reflective of the will and character of the community group originating them than the Articles of Incorporation. There are no State requirements for bylaws other than that they do not contradict the Articles of Incorporation. They can be amended, and frequently are.

The significance of bylaws is that they are necessary in order to incorporate and they must be followed no matter how they are written and conceived. Bylaws are a legal requirement for incorporation in most States and deserve careful consideration. They are the rules that the board must follow even if they were made hastily. For that reason, it is important that provisions are included to modify the bylaws to accommodate new information or circumstances. These provisions should control for unnecessary or uninformed amendments by requiring advanced notification and vote of two-thirds of the board.

Topics Generally Covered in Bylaws

Article I: Purpose and name

Article II: Creation and role of board of directors

Article III: Board officers and duties

Article IV:	Committees and each committee's duties
Article V:	Election of board members and officers
Article VI:	Use of staff or other agents and procedures for hiring staff
Article VII:	Procedures used for conducting meetings
Article VIII:	Resolving conflicts of interest
Article IX:	Amendments
Article XI:	Annual meeting

Unlike Articles of Incorporation, which are largely determined by State requirements, there are no legal requirements affecting bylaws other than there be such rules that establish the board's operating structure. Bylaws can then be tailored to reflect special circumstances or needs of the group and its character and philosophy. Creating bylaws is an opportunity for all group members to participate equally to determine how they will function as an incorporated board.

D.   Section 501(c)(3) of the Internal Revenue Service Code[2]

IRS laws also govern the operation of a nonprofit corporation.

The section of the regulations that spell out how Federal tax laws treat incorporated organizations that are not businesses [3], is referred to by its section and subsection designation—Section 501(c). Within that subsection designation, there are further divisions that relate to types of nonprofit organizations. For instance, (3) defines and sets out requirements for nonprofit corporations that are public charities or private foundations, whereas (4) concerns trade associations and chambers of commerce. There are 25 categories of 501(c) organizations, each of which is defined and regulated to qualify for tax-exempt purposes.

To qualify for federal tax exemption status, a nonprofit corporation must submit an application, usually with the assistance of an attorney or expert.

---

[2] Much of this section was drawn from Kirkpatrick & Lockhart *Handbook for Directors of Nonprofit Corporations* and *Legal Aspects: Cutting The Red Tape.*

[3] A business is distinguished by its practice of disbursing profits to stockholders.

It is an arduous process not unlike completing a complicated income tax return. Knowledge of the applicable laws and regulations is essential. After tax-exempt status in conferred, the corporation must submit annual forms that document that it is still operating within the definitions and purposes that made it eligible. Failure to submit the required forms can jeopardize the nonprofit status of the corporation.

States have a separate process for conferring exemption from State taxes, but most States recognize a federally approved nonprofit corporation as exempt from State-imposed taxes as well. Although there is a separate process for States, having Federal tax exemption status greatly facilitates the State process.

There are some compelling reasons why charitable organizations go through this process. First, it exempts the corporation from paying sales taxes, payroll taxes, and taxes on utilities. (The corporation must always withhold income taxes from employees' wages.)

Second, without a Federal ID number indicating tax-exempt status, a corporation is extremely limited in what it can do. Even permits from local governments to solicit funds require the ID number. Most organizations and Government agencies will not award funds to an organization that is not certified by IRS as a nonprofit entity. IRS certification is a form of official classification of the corporation that all funding bodies, even individuals, recognize. The IRS designation legitimizes the nonprofit status of the corporation for the purpose of receiving money. It also assures the giver of funds that the contribution will be tax deductible to the donor. Without IRS nonprofit certification, the corporation will pay taxes as though it were a business. The tax burden diverts funds away from the project and the board's goals.

There are disadvantages to tax-exempt status as well. Tax exempt charitable nonprofit corporations are restricted from engaging in certain political activities, lobbying or allowing the assets or income of the organization to benefit private persons.

For instance, the corporation cannot participate in any political campaign of anyone running for public office. Any board member who participates in a political campaign cannot do so in his or her capacity as a member of the board. This requires that the board member make no reference to his or her affiliation with the nonprofit corporation or use any of the corporation's resources to campaign. Any association made between the board member's political activities and the corporation can put the organization at risk.

Lobbying is permitted only if it is not "substantial." Neither term—lobbying or substantial—is well defined by IRS. Charitable nonprofit corporations may elect to follow the Substantial Part Test or use a financial formula set out in Section 501(h) of the Code to ascertain whether their lobbying activities are "substantial" or not. The financial formula seems to be preferred when volunteer board members lobby because the formula is based on the organization's expenditures on lobbying. In either event, tax-exempt status will limit a nonprofit corporation's freedom to lobby public officials.

Tax-exempt charitable organizations are expected to operate for the benefit of the public and the charitable class it serves. Any benefits that are derived by individuals, including board members, must be structured to assure that there are no improper benefits derived by private parties—"private inurement." Loans to individuals, compensation to board members other than for expenses, gifts, or loans of goods or services—any private benefit—should be examined closely to make sure that it does not breech the limits of private inurement. This restriction has implications for partnerships between the nonprofit corporation and any taxable entity as well.

We tend to think of incorporation and certification as a 501(c)(3) nonprofit entity as synonymous even though they are two distinctly different acts involving different units of the Government. Incorporation is a State-controlled function while securing tax-exempt status as a nonprofit is both a State and a Federally controlled function. It is unlikely that a community group that incorporates and forms a governing board for charitable purposes would not also apply for 501(c) nonprofit status. The decision to do one is usually a decision to do both.

II.   Board Members' Liability

It is important to know when the corporation is liable and when the board member is.

The trustees or board members, officers, and executive staff are the corporation's decisionmakers and are therefore accountable under civil law for their actions. The laws that govern such actions are primarily State statutes which means that there is some variance from State to State. The following guidelines, however, are reliable indicators of how personal and corporate liability is defined in most instances and can be the starting point for discussions with an attorney in your State if you want to confirm liability considerations for your particular nonprofit board.

A.   Conditions That Determine When Board Members Are Liable

A corporation is a legal entity and assumes liability for actions taken by its board and staff—which is a primary reason for incorporating. Debts incurred by the corporation do not normally pass to the individual board members, nor do legal actions such as lawsuits. The condition that must exist to protect board members is this: **Board members must have exercised due care in the performance of their duties.** Put another way, the board must have acted in a responsible manner to carry out its fiduciary and oversight responsibilities. For example:

- *Duty of care: Board members must be informed about the affairs of the corporation.*

At a minimum, board members must attend meetings regularly, have information about the affairs and finances of the corporation, and exercise independent judgment about the accuracy and reasonableness of that information. In other words, board members must use common sense and due diligence.

To demonstrate, an absent board member is still responsible for the actions of the board during his or her absence. Failure to read or understand information upon which decisions are based does not exonerate board members from responsibility for those decisions.

Board members are said to have met the standard of care when they acted with the same diligence, skill and care of an ordinary person. [4] However, board members with special qualifications, e.g., accountants, lawyers, are held to a standard commensurate with the skills of their profession. Therefore, some board members by virtue of their special knowledge can be held to a higher standard of care than a board member with no special knowledge.

- *Duty of loyalty: Board members must always act in the best interest of the corporation.*

This means that board members cannot have any conflict of interests, pursue personal agendas or neglect the interests of the corporation for any reason. The following section (Section IV) explains more about conflict of interest.

---

[4] Oleck and Stewart, op. Cit.

B.   Procedures That Assure Board Members Are Protected

The statements listed above have implications on how the board is organized to conduct its business and how the corporation is structured to assure its integrity.

How Board Members Do Their Work Can Protect Them From Liability.

> **Frequency of meetings**—Boards must meet often enough to review information, check on the progress of the project, and conduct the business associated with their mission. For MSFW grantees, this would be determined by the frequency of reports to the Department of Labor (DOL), when milestones for measuring progress of the project occur, and how much work is entailed in maintaining an active and productive board membership.

> **Board records**—Minutes of meetings, including committee meetings, changes in bylaws, correspondence and records of other official actions of the board are essential if board members are considered to be meeting the conditions that protect them from liability. In fact, there are requirements to do so as a consequence of being incorporated. The board must keep records sufficient to show that they have exercised reasonable care in performing their duties.

> **Information provided to the board**—The board must establish a method for keeping informed. If board members do not ask for information, they can be held accountable if wrongdoing occurs without their knowledge.

> **Conflicts of interest policies**—The board must establish a policy that controls and mediates conflicts of interest. The absence of such a policy exposes the board members to questions of liability if conflicts of interest occur and funds are subsequently misappropriated.

> **Board training**—The board must show that board members received appropriate training on their duties and responsibilities.

How The Corporation Is Organized Can Protect Board Members from Liability.

> In terms of how the corporation is organized, board members are protected from liability when the organization has:

Financial accounting systems—The board must have demonstrated that it has in place financial accounting systems sufficient to protect its funds and assets from misappropriation under normal circumstances. One interpretation of "normal circumstances" is that the accounting system meets the Generally Accepted Accounting Principles (GAAP) or the requirements specified by grantors.

Selection procedures for key staff—The board must show that its procedures for selecting staff complied with anti-discrimination laws and its own bylaws and that key staff meet the qualifications for their respective positions. For example, employing an accountant with a criminal record for embezzlement who then misspends money will result in board members being held liable if they failed to take the precautions of checking past employment references.

Methods for assuring that laws that govern the operation of the corporation are being met—The board must show that it has a method for determining if applicable laws are being followed. For example, if food is prepared and served to the public, the board must require staff to follow health department regulations. If the board operates a Head Start center, the board must see that staff comply with State and local laws that safeguard the health and safety of child care facilities. These are discussed in greater detail in Chapter 6.

When the board has exercised reasonable care to protect the integrity of the corporation and has acted with diligence and common sense in conducting the business of the corporation, individual board members are, in most States, free from liability. Being free from liability does not, however, protect one from a lawsuit. The purpose of a lawsuit is to determine whether legal conditions in this regard have been met. Even when a suit is resolved in favor of the board members, there is a cost associated with the defense. For this reason, most boards purchase liability insurance.

There are several types of insurance that reduce board members risk of incurring financial losses.

C   Directors and Officers Liability Insurance provides protection for board members and the chief executive in matters that stem from their actions as fiduciary agents of the corporation.

C   General liability insurance is a common form of insurance for all corporations and protects the board from being sued as the result of

any injury incurred on the premises or during the course of activities that the organization sponsors. For instance, a client slipping and falling on a broken step may sue the corporation.

C   Automobile insurance covers corporation owned or rented vehicles and provides similar protection in the event of an automobile accident.

C   Indemnification insurance protects the board and chief executive from financial losses when suits result from statements made by the board or its agents.

C   Employee dishonesty bond insurance protects the board from loss of damage to money, securities and other property caused by employee dishonesty.

All forms of insurance have limitations in terms of criteria that must be met for them to be in effect, the amount of money they will pay, or the options that they would use to defend the policy holder. Board members should be familiar with all the conditions that attach to their insurance coverage.

The board's activities and those of the corporation will be a major factor in the board's exposure to risk, so there are no simple guidelines. State statutes are the first source of information about the need for liability insurance since some States are more protective of nonprofit boards than others. Consultation with an attorney would be advisable unless the board is associated with a professional association of nonprofit corporations that can advise board members about their need for liability insurance. The insurance carrier for the corporation's umbrella policy is the first person to consult about the purchase of insurance.

III.   Typical Duties of Board Members

There are certain duties of all board members that are so fundamental that they transcend the type of nonprofit corporation, function of the board, or other differences among and between nonprofit corporations. These duties are consistently referenced in text books by experts, e.g., Oleck and Stewart, *Nonprofit Corporations, Organizations, & Associations* and the Association of Farmworker Opportunity Programs' *Director of the Board Manual*.

The following are not the only duties that board members must perform; the board's mission and function related to its mission may dictate additional duties.

A.   Duties That Are Not Transferable

The following list is presented as duties common to all boards that cannot be delegated to staff, contractors, or people who are not board members. They are the exclusive domain of members of the board. Although the board may call upon non-board members for assistance, only board members can make the following decisions:

C   Determine the mission of the organization.

C   Determine the board's bylaws.

C   Hire, fire, or discipline the executive director.

C   Serve as a court of appeal for complaints against the organization or any of its employees, contractors, or agents.

C   Safeguard the organization's resources and assets.

C   Maintain the integrity of the organization.

C   Appoint board members, officers, and committees.

C   Dissolve the board.

C   Establish a strategic plan for accomplishing the mission.

C   Assess its own performance and make corrections when necessary.

C   Determine that the organization's programs and activities are consistent with its mission.

C   Discipline its members.

B. Duties That Board Members May Share With Staff or Agents

There are other duties that, while still the responsibility of the board, may be shared with staff.

The board must make all final decisions and accept all responsibility for the following:

C   Availability of adequate resources to fulfill the mission.

C   The organization's public image.

C   Policies that guide the organization's systems.

C   Use of funds and other resources.

C   Contracts with agents or grantors.

C. Duties That Are Best Not Assumed by Board Members

Maintaining the proper balance between power held by the board and power delegated to staff is every board's most difficult challenge.

Board members can weaken an organization by assuming duties that exceed their authority, expertise, or the time they have available to do them well. The most common example of board members performing duties that they should not is when they assume staff work or direct staff work.

Most experts advise boards against direct supervision and hiring of staff, with the exception of the executive director or chief administrator. When board members become directly involved with personnel decisions, it can lead to undercutting the executive director or chief administrator's authority. Boards should hire and supervise a capable administrator and let the administrator hire and supervise all staff who work for the organization.

In addition to undercutting the executive director, board members involved in personnel administration generally do not have the time required for these activities, cannot stay engaged with personnel problems long enough to build the requisite learning curve, and risk the perception of favoritism or conflict of interest.

A more appropriate role that allows board members ample control over personnel actions is that of policymakers. Board members, as a group, can develop policies that control how staff are selected, how many staff are

hired, how staff are disciplined, wages and compensation plans, and grounds for dismissal. These policies are then applied consistently with the full authority of the board behind them. In this manner, board members create a system of personnel administration that reflects their values without interfering with staff roles. Thus, a good balance of responsibility is achieved between board and staff.

IV. Standards of Behavior and Ethical Considerations for Board Members

As administrators of Federal grants, board members of MSFW grantees assume responsibility for public funds and must conduct themselves in a manner that assures public trust.

When an individual accepts the responsibility of serving as a member of a board of trustees or directors for a corporation, he or she is also making a commitment to a standard of conduct that has been well defined in various State and Federal statutes and the corporation's Articles of Incorporation, bylaws, and policies. Although these rules of conduct are phrased differently, they describe behavior that reflects integrity and commitment to the corporation's mission. The following is a list of general rules that touch on the most common ethical considerations for board members.

Board Members Cannot Deliberately Impede the Corporation's Mission.

C   At a minimum, board members must understand the mission and accept shared responsibility for fulfilling it. Shirking the work necessary for the mission or undermining the board's effectiveness by missing meetings, not preparing for meetings, or attending but not participating are ways that board members impede the corporation's mission.

Board Members Must Not Have Any Conflict of Interest.

C   Board members of nonprofit corporations should not accept favors or compensation beyond reimbursement for out-of-pocket or other costs directly related to their work on the board. They cannot use their authority and privileges as a board member to profit themselves, their relatives, or friends.

C   Because board members determine the salaries and personnel policies of the corporation's employees, board members who also are employees represent an irreconcilable conflict of interest. Although this practice is not uncommon, it raises continuing risks of breeches of the private inurement restriction on nonprofit corporations and makes it extremely difficult to

maintain an optimal balance of power between staff and board. In particular, a chief executive who is also a voting member of the board so distorts the balance of power that there is danger that the "corporateness" of the organization may be ignored by the courts, i.e., there would be reason to believe that the corporation is merely an agent of the chief executive, under his or her control, and not truly controlled by the board.

C   Board members should avoid any business dealings with the corporations where they serve as board members.

C   Board members should not borrow money from the corporation.

C   If they serve on other boards or as employees of organizations having business before the board, they should excuse themselves from any deliberations or votes concerning the other organizations. When in doubt about whether there is a conflict or not, abstain. Appearances can be as important as the reality in terms of potential for harm.

Board Members Cannot Misrepresent Their Authority.

C   Individual board members cannot speak for the board except in those instances when the board directs them to do so. An example is when an individual board member is authorized by the board to represent the board in a contract or agreement negotiation. Even in these circumstances, the board may set limits on the board member's powers. Otherwise, individual members must follow their bylaws and act in concert to have authority.

Board Members Cannot Use Coercion, Threats, or Abuse to Influence Board Decisions.

C   In the course of meetings, board members cannot act in an abusive manner to other members to control the behavior of the group. Shouting matches, abusive language, rudeness, and temper tantrums are justifications for dismissal from the board.

Board Members must Not Violate the Conditions and Terms by Which Funds Were Received.

C   Board members have fiduciary responsibilities requiring that money given them is spent in accordance with the conditions attached to the money. For example, a campaign to raise money through private donations for the purpose of building a playground for children must be spent for that purpose; it cannot be redirected for other purposes, even when these are fulfilling the mission of the corporation. Likewise, a Federal grant must be

spent to support the programs described in the grant and within the rules referenced by the grant.

<p style="text-align:center">*   *   *   *</p>

CHAPTER 2

BOARD LEADERSHIP AND INDEPENDENCE

SUMMARY

There are three board roles that offer the best opportunities for leadership of the nonprofit corporation—setting policy, planning strategy, and interfacing with the community. In each of these roles, the board is taking action as the primary force in shaping the character, values, and image of the organization.

I.   Board As Policymakers

Some authorities on the subject maintain that the only legitimate work of a governing board is to set policy, which is then carried out by the executive director and his or her staff. The flaw in this position is that there is no universal definition of policy.

Although this may be a rather strict interpretation of the functions of a board of directors, it conveys the significance of the board's role as policymaker. John Carver, creator of the "Policy Governance Model" for board leadership, quotes Peter Drucker as saying, "Policy is a great idea, but nobody knows what it is."[1] The solution offered by Carver is to accept that policies can be made at all levels of the organization. The board, however, makes the broadest and most inclusive policies. Policysetting in this context is a tool for governance. Carver identifies four types of broad policies that are the purview of the board:

- Policies that define the organization's "ends" and strategies.

- Policies that set the boundaries of acceptable staff methods and means.

- Policies that establish linkages between the board and the chief executive.

- Policies that define the board's process for determining its philosophy, accountability, and the specifics of its work as a governing body.

---

[1] John Carver. "Rethinking Governance," *Caring*. Page 29. Spring 1997

Another way to determine the difference between policies appropriately set by the board and those that may be set by staff is to apply the following criteria: [2]

- Will the policy determine procedures, activities, programs, or services that affect the entire organization?

- Is the policy required by law or regulatory agencies?

- Is this an issue that our executive director has asked our assistance on?

If any of the above criteria are applicable, the policy should be set by the board.

Management policies that can be made by staff are those that affect an individual employee, relate to the efficiency and quality of services provided by a specific department or program, or relate to an administrative area having to do with operations or specific units or divisions.

Even in the case of policy decisions appropriately made by the board, there is no limit to the sources of input and debate about a policy decision. Staff, a council of advisors, and program participants or clients may be part of the process by which information is collected to formulate policy. In some instances, boards have found it necessary to commission special studies to gather the information needed for a policy decision.

An example of a board's policy decision is when a board determines how personnel will be recruited, screened, and selected for employment within the organization (personnel policies). An example of a policy implementation decision is when the executive director decides which candidate should be hired after implementing the board's policy. In this example, the board assumed the leadership role by setting the guidelines that staff must follow in order to fill positions. The staff's role is to implement the policy. Although the board members did not select the applicants, they controlled the process by which they were selected. Policysetting keeps the board in charge of the boundaries and methods that reflect the corporation's values without interfering with staff work and prerogatives.

Board leadership is manifest in its work as policymakers. When boards either allow staff to set broad, inclusive policies that affect the entire organization or operate without policies, they are not leading the organization. When boards don't know if their policies are being implemented, they are failing to be accountable for the corporation.

---

[2] 1997 Board Member Manual. p.12 Aspen Publishers, Inc.

Strategic planning is the way a board of directors sets the direction of its organization to realize its vision. Strategic planning is the development of the board's mission, goals, objectives, overall strategy, measures, and feedback.

Strategic planning is at the heart of a board's responsibility. A strategic plan is the ultimate expression of policy and has far-reaching effects on the organization. This plan creates a more predictable, orderly, and organized environment for the staff, reduces the need for crisis management, and gives the community a clear idea of the organization's direction. These advantages of strategic planning lead to a more stable, effective organization.

A.   What Is Strategic Planning?

From a conceptual point of view, strategic planning is:

- The continuous process of making decisions systematically with a focus on their expected future impact.

- The systematic organization of the effort to carry out these decisions.

- The evaluation of actual results of these efforts compared to the expected results through measurement and assessment.

Strategic planning, then, is focused on broad goals and system development which is different from the tactical planning staff does for day-to-day operations. Strategic planning is sometimes referred to as long-range planning; tactical planning is sometimes called short-range planning. It is important to understand the difference because one (strategic planning) is a board responsibility, whereas the other (tactical planning) is usually a staff responsibility.

Strategic or long-range planning refers to the framework of philosophy, goals, general approaches to achieving the goals, and objectives that will accomplish the board's mission. A strategic plan for a farmworker program would probably extend several years and address systemic barriers to improving the quality of life for migrants and seasonal farmworkers. It would also include a means to raise money or acquire resources to support the approaches adopted by the strategy. The strategy would be far reaching and might influence how future board members

might be selected, staff recruited, or agency partnerships created. A strategic plan shapes the organization's destiny and character.

In contrast, tactical or short-range planning would focus on how to implement some element of the strategic plan. For example, staff may plan for how a 402 grant might be used to increase the employability of selected farmworkers as a means of accomplishing one of the strategic plan's objectives. Staff may develop tactical plans for improving their outreach efforts to reach more migrants, train for jobs created by a new enterprise, or link with other 402 grantees to serve migrants better.

B.   Why Boards Should Plan Strategically

A good planning process provides the following benefits:

*   A mechanism for representatives of the farmworker community to establish the priorities of the organization.

*   Program services that anticipate the needs of migrant and seasonal farmworkers.

*   Clarity of purpose that builds cohesion within the organization.

*   A decision-making framework.

*   Reduction in crisis management.

*   Better use of resources and easier accountability.

*   Criteria for assessing staff performance.

Some of the consequences of not planning strategically are:

*   Staff and community are confused about the organization's purpose.

*   Work is done in disjointed increments within narrow timeframes.

*   Inappropriate or wasteful strategies are used.

*   Staff domination and lack of stability or direction occur.

Strategic planning refers to the process of establishing what an organization sets out to accomplish and how it will measure and evaluate that accomplishment. For example, a board wants to address issues of

poverty and harsh working conditions among farmworkers. Strategic planning enables the board to express that vision and determine what role the organization will play in transforming that vision into a reality. It also establishes a mechanism to evaluate how completely the vision has been implemented.

In the case of the Section 402 boards, strategic planning occurs when the board decides that the organization will be focusing on employment and training of farmworkers and should apply for the Section 402 grant. In strategic planning, the board establishes the mission, goals, objectives, strategy, measurements, and feedback mechanisms of the organization.

Planning is a never-ending process, since no one has complete control over the conditions and factors that influence the way project work is done. Nor do planners have all the necessary information to build an infallible, enduring plan. A plan is a projection into an uncertain future based on incomplete information. Consequently, plans must be compared to what actually occurs and then revised when they no longer address specific needs of the board.

For example, if funding amounts are reduced by funding agencies, or if time periods for spending are altered, boards will be required to make adjustments to their plans. Goals in the mission statement may remain the same, but strategies for attaining those goals will need to be changed. It is also possible boards may find that some of their goals need modification. Changes in external factors, such as funding or partner resources, can affect strategic planning. Boards may be forced to revise their short-range plans for accomplishing their goals with less time and money. They may also need to revisit their strategic plans to determine how they can continue the work. This new strategic planning may result in different goals for board projects.

C.   Elements of Strategic Planning

An organization's vision can be thought of as the collective view of the ideal situation or desired state of affairs. It may not necessarily be achievable but represents a "perfect" world.

The vision sets the stage for strategic planning. The board plans strategically by defining a mission in light of its vision, deciding upon goals, examining barriers and resources, targeting objectives, developing strategies, designing measures, and evaluating feedback. The feedback is used to redefine the mission, goals, needs, objectives, and strategies. Each of the seven elements is described below. A strategic plan is generally for

a period of 1 to 5 years in length. The plan can be thought of as a map showing the routes, destinations, and information about the terrain.

Mission (Role of the Organization)

The mission statement is the starting point for a strategic plan. It is a philosophical statement of purpose. It contains the broad vision of how the organization is going to change the world or make its impact on society. For example, a simple mission may include the statement that the organization "will work toward improving the standard of living of farmworkers by enhancing their skills and helping them to achieve stable employment." Once the mission of an organization is established, it is rarely changed.

The goals of the organization are embedded in the mission statement. For example, if the board's mission is "to improve the quality of life for migrants and season farmworkers through better jobs, housing, and health," then the goals of the project would be (1) Getting migrants and seasonal farmworkers into jobs with better working conditions, wages, and benefits; (2) Improving the housing options available to farmworkers; and (3) Improving the health of farmworkers and their families.

Goals (Destinations)

Goals are impacts on the target population that an organization works to achieve. Using the mission statement and the goals, the board members must next conduct a needs assessment to determine what barriers must be overcome and what resources there are to accomplish the goals and further the mission. A simple listing of positive and negative forces relative to accomplishing the mission sets the stage for the necessary research. Staff can assist the board in this step by collecting information that fully informs the board about barriers and resources that can relate to the mission's goals.

Needs Assessment (Car Checkup)

The needs assessment is an examination of the external conditions in which the organization acts. It evaluates the forces working against the organization (barriers) and for it (resources). Resources include human resources, information, operational processes, skills, financial support, in-kind contributions, and technology required to achieve the goals and objectives. Barriers include obstacles to achieving goals and objectives, such as low levels of education, high local unemployment rates, and the short length of stay in a community of migrant workers.

One of the most critical elements of a strategic plan is the objective that serves as a milestone leading to the accomplishment of the organization's broad goals. One difference between goals and objectives is that objectives should be measurable, whereas goals are not necessarily measurable.

Objectives (Signposts)

An objective is a specific, measurable, outcome-oriented description of the desired results of the organization's current effort. Objectives usually have a specific time by which they must be accomplished. Some are short term (1 month to 2 years), some long range (3 years or more). Objectives mark an organization's progress over time toward accomplishment of its goal.

It is important to understand the difference between goals and objectives. Goals indicate what changes the organization seeks to make for its customers. Objectives indicate specific milestones to be achieved along the road toward the goals. An organization recognizes that its goals may or may not ever be fully achieved. But objectives should be stated in a way that the organization realistically hopes to achieve them by a particular date.

Strategy (Paths)

Once the objectives are established, the board has to outline a strategy for achieving the objectives. A strategy is a set of activities combined in a particular way to move an organization's work toward its desired objective. A single strategy may support more than one objective, and some objectives need more than one strategy. The general or overall strategy is usually planned by the board, while the detailed strategy and day-to-day operations are planned by the staff.

An example can illustrate the difference among goals, objectives, and strategy. Supposing a goal is to improve housing options for migrants and seasonal farmworkers. The objective might be to increase the units of affordable housing. The strategy may be to renovate leased HUD buildings. Increasing units of affordable housing is measurable, while the goal of better housing would be difficult to measure quantitatively.

Each barrier represents a potential objective that, when achieved, will lead to the accomplishment of the mission goals. For example, if a barrier to the goal of improved housing options is the lack of affordable housing, then increasing the units of affordable housing could be a project

objective. A strategy related to this goal might be renovating existing housing leased from HUD.

Another example: If a barrier to the goal of improving the health of farmworkers and their families is their exposure to high levels of pesticides, then the objective may be a 20 percent reduction in pesticide poisonings. The strategy related to this goal might be political and public relations campaigns that encourage farm owners to change their spraying practices.

If barriers to achieving the mission's goals are thought of as causes of the problem, then the strategies are the interventions that will correct the problem. The value of knowing what resources are available helps the board select interventions that are feasible. In the first example above, increasing affordable housing by renovating HUD-leased homes would not be feasible if there were no HUD-leased homes available or if there were no resources to apply to their rehabilitation.

Measurement (Odometer)

Outcome measures are quantitative indicators and qualitative descriptions used to assess progress in achieving objectives. Ideally, the organization should have one or more outcome measures to assess its progress in achieving each objective. For example, if an objective is that "75 percent of program terminees be employed 90 days following termination," then the outcome measure would probably be defined as "the percentage of program terminees employed 90 days following termination." Note that well-defined objectives practically spell out what the measure is.

Boards may also want to use other types of measures such as input measures or costs.

Feedback (Compass)

Feedback is a mechanism whereby outcome measures and other evaluation tools are used to provide information about—and analyze how—the organization is accomplishing its objectives, achieving its goals, and effecting the change sought in the mission statement.

Feedback, or information on how well the strategy is working, will inform the board about the need to revise the plan *if a benchmark or standard was established during planning.* Given the resources available, how many affordable units of housing should be generated during a given timeframe? With this information, the board can monitor not only if the objective was achieved but at what level and in how much time.

Having a projection of objectives in terms of a timeframe helps board members know if the project is on track or not. Some projects have lengthy startup periods before results are realized. The staff's tactical planning is used to set a schedule of activities or work that operationalizes the strategy. Feedback from staff on the number of affordable housing units generated or anticipated helps the board assess the wisdom of its strategy. Boards may also want to ask staff (or hire outside evaluators) to provide detailed feedback or assess why some programs do or do not work well and to make suggestions on what can be done to improve them.

Exhibit 1 demonstrates how these seven components fit together in the continuous and systematic process of strategic planning.

Exhibit 1

Strategic Planning Process
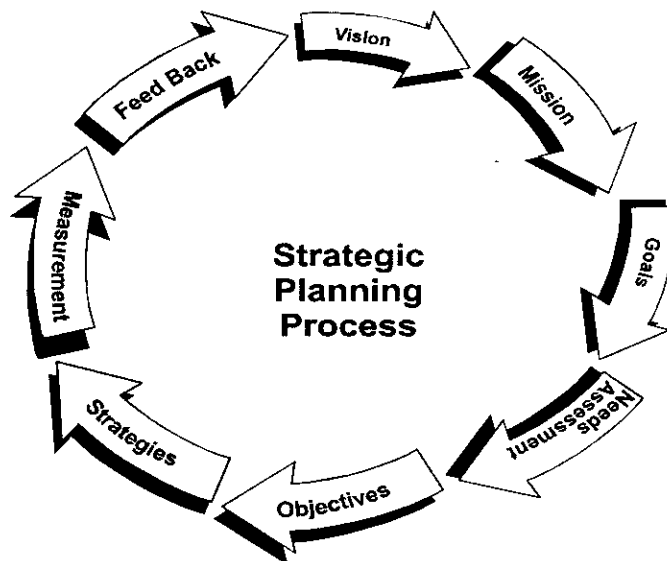
D.   Cause and Effect

Information from an examination of the plan's implementation (feedback) usually leads to revisions in the plan. It is important to know whether a cause has the desired effect. Does the board know the real cause for a problem? Supposing a strategic plan is based on the assumption that affordable housing is related to farmworkers' quality of life. However, what if the affordable housing units were located in an area where farmworkers did not want to live? It is possible to implement the strategic plan and achieve the objectives but not the goals or the mission.

To determine the need for adjusting the objectives and the strategic plan, the board must observe closely the effects on farmworkers who have access to the affordable housing units. Would they have found equally good housing on their own or through other organizations? This is called making an "impact evaluation," which asks what would happen if there was no intervention at all and compares that situation to what happens when there is an intervention. This can be done by comparing the experiences and satisfaction of farmworkers served by the project's housing programs with those who received no assistance. An acid test of the board's strategy is whether the objectives were associated with the goals.

III. Boards As Community Liaisons

Board members are the obvious representatives of the organization and advocates for its mission. Too often, the role of community liaison is assumed by the executive director, and in many instances this would be appropriate. There are times when meetings and conferences call for the technical expertise of staff. However, the board should reserve for itself the work of interfacing with the community when the purpose is public awareness, community-relationship building, or gaining support for a mission. As community liaisons, board members bring their collective networks to the board's work. These networks represent resources, community perspectives, and inside information that cannot be matched by one executive director regardless of his or her activism and talent.

In the case of 402 grantees, board members have a constituency within the community—migrants and/or seasonal farmworkers. In addition to their general role as community liaison, they have a responsibility to interface directly with the constituency whose interest they serve.

A. Media Spokesperson

Although individual board members cannot make commitments for the entire board, it is usually necessary as a practical matter for the board to appoint one or two members to act as spokespersons to the media. These board members are usually people who are poised and articulate and have some experience dealing with newspaper, television, and radio media. As media spokesperson, the board member is well acquainted with the board's policies, mission, and project work and can respond to questions or *ad hoc* presentations before the media. Most importantly, the board spokesperson knows when not to speak—i.e., when the board has no policy or has taken no position.

Media spokespersons symbolize the organization. The public sees the board members as the organization's leaders and source of power. This is another way that the board asserts a leadership role.

B.   Public Appearances

All board members should be able to make appearances at meetings, clubs, and social events on behalf of the organization. Logically, board members would appear at those events where they are already known. For instance, a board member who is also a member of the Kiwanis Club might make a presentation at one of those meetings. Another board member may make an announcement of an upcoming event or concern at his or her church, while another would attend a county council meeting to explain the board's position on a pertinent issue.

To help board members serve in this capacity, staff can produce discussion points or information summaries so that presentations are consistent in content. The board minutes, if properly prepared, are also helpful in maintaining consistency among explanations to outsiders about board policy.

Because they have learned the importance of promoting their mission, many boards have a standing committee dedicated to public relations or public awareness. The committee develops, sometimes with staff assistance, materials such as brochures, videos, and discussion points to be used at public appearances.

C.   Linchpins To Other Organizations

Board members are usually active volunteers in their community. It is rare for them to serve on only one board or not be involved in other community organizations. For this reason, board members can be linchpins, serving as a communications links and instruments for coordination. When farmworkers are represented on the board, they can be linchpins to its constituency.

The linchpin function is both opportunistic and deliberate. Even when the opportunity is there, board members must take some deliberate action to make communication or coordination happen. Frequently, such opportunities are missed because the board members do not view themselves as having this responsibility. As a result, 402 boards may not be included when consortia are developed to address problems of common interest. To avoid isolation from other organizations whose help would

advance the board's agenda, board members need to understand their role as linchpins and be encouraged to serve as points of connection.

<p align="center">*　　*　　*　　*</p>

CHAPTER 3

CHARACTERISTICS OF EFFECTIVE BOARDS

SUMMARY

Effective boards are the result of a deliberate strategy; they don't just happen. A board of directors that hopes to be successful in attaining its goals must structure its work around a vision that all board members can support. When agreement is reached on a unifying vision, a mission statement can be written to connect that vision with goals and tasks that lead to the realization of the vision. Once goals have been defined, they, in turn, should be broken down into workable activities and measurable outcomes.

Effective boards must also invest in finding and keeping productive board members. Board members are attracted to opportunities for making an impact on issues that they care about. However, they soon become frustrated if board meetings are inefficient, contentious, or boring. Running good meetings, selecting members with the right attitude and interests, and giving them the necessary information and procedural skills pay off in highly effective boards.

I. Make Sure Everyone Is Moving in the Right Direction Toward the Same Destination

The first responsibility of a nonprofit board is to determine its mission or purpose and how that will be accomplished. If this fundamental task is not done well, the board will splinter into factions, staff will lack clear direction, and the public will lose confidence in the organization.

A. Taking Aim at the Target

Unifying Vision

A vision is a picture of what your situation will be once your goals are achieved. A unifying vision brings members together in support of the overall work of the board.

Successful boards have a unifying vision that keeps the various members focused on the same goals. A board vision is a picture of the desired state that all members agree on. It is the target that they are aiming toward. It is a picture of what they see in their minds' eye when their work is completed. The vision is then a picture that each member contributes some part of. The whole picture is a composite of the board members' collective ideas—combined, mixed, and perhaps altered to create one picture.

It is important that a unifying vision does not contradict itself but sets forth a consistent view of ideal conditions that the board desires for the community. It is the group's vision, not the mission statement, that keeps the group focused. Boards that skip the vision exercise and go directly to planning their work, solving problems, or forming mission statements will experience conflict later when they become aware that members are pursuing divergent expectations or visions.

It is just as important for a board to realize that it needs to create a mission statement before it starts defining activities and outcomes. In other words, there is a natural sequence of development that is important to follow if you want to end up with a consistent, systematic approach to your work.

Forming a unifying vision makes people think about working together to create new conditions they would like to see in their community. It is about deciding what are the most important conditions or results that everyone would like to see. For a vision to become unifying, it needs to include ideas that motivate everyone, and it needs to be a vision that people believe can be achieved. Most importantly, it needs to have a genuine endorsement from all board members, regardless of their personal priorities or causes that may be only partly reflected in the vision.

Developing the vision calls for two activities: describing the desired state, and building consensus.

A vision is developed from simple, concrete words and phrases that board members are asked to use to describe the desired state or the expected results of their work. Putting their descriptive words and phrases on a flip chart encourages everyone to participate in forming the vision, regardless of their verbal skills. The list of descriptive words and phrases on the chart also reveals differences among board members' ideas and where there are common themes. The patterns revealed by the list set the stage for the next step, forming consensus.

Consensus within the group is achieved when everyone can accept the group's decision and can live with it, even if they do not wholly endorse it. Consensus, therefore, is an agreement that strikes a compromise among different members' interests and opinions. Groups that never reach consensus on issues they face are doomed to spend most of their energy trying to control the damage that results from group conflicts and competition of wills. For this reason, it is essential to establish a process for reaching consensus that will disarm opponents and persuade group members to work together toward developing a common vision and plan.

If you want to keep members focused on issues and tasks at hand, what works best is to have a structured approach that keeps individuals or a small collection of individuals from dominating the process. Many

organizations in the public and private sectors often choose to have an outside, neutral facilitator conduct structured sessions that abide by strict rules for generating ideas and making decisions. Networked computer software programs also have been designed for this purpose.

A number of consensus-building models are currently used in the public and private sectors. An example of one approach follows:

C   A neutral facilitator guides the process, but not the content of the discussion that leads to consensus.

C   All ideas are welcomed and listed for all to see—there are no unacceptable ideas.

C   The facilitator asks the group to review the list to make sure everyone understands the ideas that have been listed. This is called "clarification" of the list.

C   The facilitator limits the discussion to points of understanding and prohibits matters of opinion and/or elaboration of particular points of view.

C   Once clarification of the list has been completed, the group is then asked to "prioritize" by selecting three or four of the most important ideas/solutions and ranking them in order of importance.

C   Totals are tallied for each item on the list. The highest ranking items become the group's priority lists to be used in creating a strategy to solve the issue or complete the task in question.

C   A final step is formally declaring the priority list as having the consensus of the group. At this time, members can present a case for including lower-priority items that may be indispensable to obtaining the desired results. The assumption here is that the board has a limited amount of resources, and only those strategies that board members feel have the greatest potential for success should be underwritten.

Mission Statement

Good mission statements present goals and activities that achieve the vision and give purpose to the board's work.

Once it has reached agreement on the vision, the group can move on to discuss goals and a general strategy for making that vision a reality. The discussion should define key elements of a general strategy that reflects the overall philosophy or guiding principles of a strategic plan. The mission statement usually consists of related statements that describe the board's general strategy and goals. In the final analysis, everyone should agree that the mission statement will accomplish the board's vision.

An example might be: "The board will operate programs and services that create education and career opportunities for farmworkers sufficient to raise their living standards to parity with the average American worker." This is a general statement expressing a goal— *raising living standards of farmworkers*—and a general strategy— *operating programs and services that create opportunities*. The mission statement may contain more than one goal or strategy and may also refer to valued principles— *equal opportunity regardless of ethnic origin, sex, or religious preference.*

Mission statements are not easily altered and should not overly restrain the board's strategy or options; therefore, a mission statement does not usually include detailed information. When a mission statement tends to be a summary of all the information and issues that board members want to communicate, the result is a statement with broad, abstract terms that are open to many possible interpretations.

The mission statement should be specific enough for the board to:

- C Know what goals and activities would be appropriate to the mission.

- C Know that progress is being made and when the mission is accomplished.

Goals consistent with the board vision and mission are developed as a process leading from the broader perspective of vision to increasingly specific details.

Practical Goals

A goal is the final result toward which effort is directed. "Practical goals" refers to goals that "practice" the board mission.

Defining goals is rarely as simple as charting a straight line from start to finish. Achieving most goals requires multiple activities occurring simultaneously or in a particular sequence. If board members want to know whether activities are producing results, goals need to be linked to interim milestones or outcomes that can be measured, observed, or demonstrated.

An example of a practical goal would be that the board will: (1) support the development of career guidance services that (2) will be made available to the target population in order to (3) increase the percentage of persons who will (4) be able to achieve gainful employment and career advancement. Each part of this example can be translated into measurable or observable outcomes. When a goal is stated in this manner, it is easier to determine what specific activities will be required, what levels of achievement are necessary, and what indicators will be most useful in evaluating whether work is progressing toward fulfilling the vision and mission of the board.

You may want to make goals even more explicit. In the above example, for instance, it may be useful to indicate: (1) the type of career services the board wants delivered, (2) what specific segment(s) of the target population will be recruited, (3) what percentage of increase will result, or (4) what kinds of career opportunities will be considered gainful. Practical goals create practical results. The clearer board members can be about results they are seeking, the easier it will be to measure outcomes.

Workable Activities

Activities define what work is necessary and how goals can be achieved. "Workable activities" refers to activities that are doable.

Boards and their staff need to develop an activity plan that identifies specific tasks necessary to achieve desired results. Assignments must be made to responsible persons, information and tools must be collected and then used appropriately, things must be produced, efforts must be coordinated, and so on. Boards have learned from experience that activities are most successful when tasks are carefully laid out and outcomes are monitored to ensure work is on the right track.

Examples of activities that can be planned to meet a practical goal include:

- C   Staff will identify and recruit career development service providers available to the community.

- C   Staff will identify and recruit employers who are willing to participate in a career development program for community members.
- C   Staff will negotiate partnership agreements with service providers and employers.

- C   Staff will contract with consultants who can help customize available career development services to the needs of community members.

Activities should be put in the hands of individuals who have the knowledge and capability to perform them. It is useful for the chief administrator to develop a work chart that lays out steps to be taken, persons responsible, timelines to follow, and outcomes defined in terms that can be measured. Regular supervision and oversight become easier when there is a defined plan to follow.

Board members should always be able to track specific activities and achievements as they relate to the board's vision, mission, and practical goals. A work plan is the board's map to discover how activities will lead to final outcomes. It also helps board members understand how activities need to be supported with appropriate resources, adequate time to do the work, necessary tools and skills, and guidance based on planned outcomes.

Measurable Outcomes

Activities should produce outcomes that board members can observe, measure, or see demonstrated, so that the board can fulfill its oversight role.

Measuring results involves determining what information is necessary to keep track of the progress being made. Successful boards have found it is very helpful to "quantify" results whenever possible. They usually also want to "qualify" what kind of results they want. An <u>example</u> of a "quantitative" outcome would be: *career guidance services will serve at least 800 participants within a 1-year period*. In contrast, an <u>example</u> of a "qualitative" outcome would be: *career guidance services will demonstrate customer friendly relations with community participants*.

Whatever outcomes are selected, it is essential for board members and staff to agree on methods. This will involve requiring staff to collect and maintain data and regularly monitor the progress of activities. Board members should be made familiar with the kind of measurements that are being used so that they can interpret their significance.

Often boards are faced with outcomes that are unrealistic or difficult to interpret. This is frequently due to decisions that are made with insufficient information. When a board commits itself to achieving a specific outcome, it is crucial to know what will be necessary to reach that outcome. It may take 2 to 3 years before career guidance services can serve 800 participants within a single program year. The desired outcome may require additional time, additional staff, better systems, better recruitment of participants, or some other program improvement.

Effective programs usually have a means for gathering evaluative information on their outcomes, at different points in time, that can be used for making improvements. An <u>example</u> would be: *200 participants should*

receive career counseling services within the first 4 months of the program year. Indicators are used to measure progress toward the agreed-upon outcome, or, in some cases, to alter the expected outcome, aligning it with what has been discovered to be a more realistic achievement. Measurable outcomes make it possible to track the progress of activities, to make adjustments that will increase the likelihood of achieving a stated goal, and to evaluate the overall success of the board's vision, mission statement, and goals.

B.   Look At The Map To See Where You Are

Trips and Destinations

Planning is like charting a course on a map to show how you will get where you want to go.

However the Board chooses to "map" work that needs to be done, it is essential for everyone, including board members and staff, to have this plan available at all times to evaluate work in progress. A written plan (map) should refer to each part of the operational guidelines. Remember, board members need to be able to examine particular activities and outcomes in relation to how they are fulfilling the board's vision and mission. Staff should be able to communicate to board members how their work matches operational guidelines and fits into the overall plan. The written plan becomes a valuable tool for communication and evaluation of specific activities and tasks as they are completed. It keeps everyone on track and helps avoid unnecessary detours.

A plan can be designed in a number of ways, but be sure that your plan clearly identifies:

C   Specific activities related to goals that must be completed.

C   Persons/agencies responsible for carrying out those activities.

C   A timeline for the work.

C   Measurable outcomes for each activity.

Workable plans also identify what resources will be required to accomplish each activity. The plan translates the vision, mission, and goals into day-to-day guidelines for operating programs of the board.

Experienced boards periodically review their "trips and destinations" to examine whether they have reached where they wanted to be. As board members come and go, it is important to renew the board process

continually, determining new activities and new destinations, inasmuch as the vision of a healthy board continues to evolve. Steady maintenance will stay the course.

How the MSFW Grant Fits In

The MSFW grant should have a discernable relationship to the board's mission and be easily integrated into the board's general strategy. The grant should be a means for accomplishing the mission; the board should not automatically assume that this is so. Nor should board members become so enamoured of their means (programs and competent staff) that they lose sight of their ends. It is possible for a MSFW program judged successful by Federal standards to be a questionable means for achieving the board's mission. The board must question and evaluate whether the resources expended can be justified by the results obtained.

This analysis approaches heresy for many nonprofit corporations that have come to depend on Federal grants to sustain them and never saw a Federal or foundation grant that they didn't like. The danger here is that the board's mission becomes subjugated to the mission of the agency awarding the grants. It is not uncommon for nonprofit boards to be so tempted by funding that they end up with a grant that distracts them from their primary mission. Over time, nonprofit corporations' missions may, in effect, deteriorate to simply keeping their staff employed and the rent paid.

The process outlined below helps the board to define the relationship between mission and strategy and the MSFW grant. Answering these questions allows board members to see where adjustments may be necessary to assure a good fit to their mission.

Unifying Vision

Statement of intended ideal conditions desired by the board. These ideal conditions will be directly reflected in the overall mission statement.

Do the required grant outcomes or services represent a piece of the board's vision or picture of the ideal state? If so, the end results of the grant are part of the board's vision.

Mission Statement

Presentation of purpose statements related to the stated board vision. Purposes within the mission will be connected to practical goals.

Are either the means and methods employed by the grant or the grant's outcomes represented in the mission statement?

Practical Goals

Establishment of goal statements in measurable terms related to purposes. Goals will be connected to workable activities.

Are the outcomes specified in the grant represented in your mission's goal statements?

Workable Activities

Identification of specific activities/tasks required in achieving goals. Activities will be connected to measurable outcomes.

Are the means outlined in the grant (i.e., the service strategy) practical? Has past experience shown that the approach represented by the service strategy is effective in achieving similar outcomes?

Measurable Outcomes

Definition of observable/demonstrable/measurable results of activities.

Is the relationship between services and expected outcomes clear? How do you know that the outcomes are the result of the service strategy? Could they have occurred for other reasons?

C. Checking to See if the Cart is in Front of the Horse

If you don't know where you are, it is difficult to see where you've been or where you want to be.

If a board is confronted with inconsistencies and conflicts in following a course of activities, it is probably time to stop and see if the cart is in front of the horse. Boards should not hesitate to revisit their vision to ensure that their mission, activities, and goals clearly support that vision. It is even possible that a board may need to revise its vision, if it was not done properly the first time.

Board Self-Assessments

Boards should perform periodic self-assessments to determine if course corrections are needed. Board members should be surveyed to find out if there are disagreements about the board's vision, problems in setting priorities, different understanding of goals, or problems in being able to evaluate progress. This also requires a commitment to making corrections wherever they are needed in the operational plan. A good self-assessment process examines all parts of the operational structure to make whatever

systemic changes are necessary to solve a given problem. Correcting an activity may not solve the problem if the goal is not clear or the activity does not relate to the vision. Even the vision should be intermittently revisited to see what may need to be changed, especially as new members enter the group.

Assessing a board's status can be accomplished in a number of ways, but the vision and the mission must always remain the driving force behind every effort. A board that pursues no vision has no mission. Without a mission, the board has no reason to exist.

The National Center for Nonprofit Boards offers the following example of how to conduct a self-assessment:

Ten Steps in a Self-Assessment

Step 1: Assess Board Readiness—Self-assessment works best when the organization and board are relatively free of crisis. In assessing a board's readiness, a variety of questions might be asked, including: Is the financial condition of the organization relatively stable? Is board leadership in place and generally effective? Do the board chair and chief executive have a good working relationship? Are there important areas of board operations that need improvement? etc.

Step 2: Gain Board Commitment—All board members and the chief executive should have the opportunity to discuss the merits of the self-assessment and agree to be active participants in the process.

Step 3: Appoint a Steering Committee—Assemble at least three key members of the board and the chief executive to plan and carry out the self-assessment. The committee should be composed of leaders who are respected by other board members because they will be able to effectively communicate the value of the effort.

Step 4: Select a Facilitator—To ensure the success of the self-assessment effort, the steering committee should select an experienced facilitator who is knowledgeable about nonprofit governance and skilled in group process.

Step 5: Set a Retreat Date—Schedule a retreat solely to discuss the results of the self-assessment questionnaire (instrument) and to lay the groundwork for action to improve board performance.

Step 6: Distribute an Assessment Questionnaire—Distribute the questionnaire to all board members either by mail or at a board meeting. Also set firm deadlines for completion and return.

Step 7: Analyze and Interpret Questionnaire Data—Once all questionnaires are returned, compile comments and responses into a survey report.

Step 8: Establish a Retreat Agenda—Whatever mode of analysis is used (questionnaire, etc.), the results serve as a basis for discussion at the retreat and shape construction of the agenda.

Step 9: Hold Self-Assessment Retreat—This is the focal point of the self-assessment process. A retreat setting allows board members to speak candidly and reach consensus on important issues surrounding governance.

Step 10: Implement Action Plans Generated During Retreat—The real work of the board begins immediately following the board retreat. Follow up to address the important issues, and a plan to implement formulated strategies must be swiftly put into place by the leadership of the board and the executive director.

How to Move From Where You Are to Where You Want to Be

External forces—e.g., Government funding priorities, client needs or characteristics, or availability of duplicate services from other organizations—can alter the programs and priorities pursued by boards over time. At some point, a board's work and projects change in pursuit of goals that were never consciously. Some boards have found themselves pursuing the goal of simply keeping their staff employed. At these times, boards must realign their work with their mission and vision.

A survey of board members to learn how each describes the desired state will reveal where there is lack of consensus or even conflicts about the group's mission, goals, and program strategy. Resolving the diverging views to create a unified board is usually the occasion for a board retreat to concentrate on the basics.

Although the same steps and exercises outlined earlier to form the vision, mission, goals, and activities are applicable, the actual state, or current conditions, also includes the existing program, staff, contracting relationships, and partnerships. A frequently mistake is to force the vision to fit the board's circumstances. Although commitments to staff, contractors, and partners cannot be ignored, they should not constrain the board's vision and mission.

A solution is to allow the board to proceed to a unifying vision, mission, and goals without regard to current commitments. At the stage of developing a strategic plan, however, the board must fit current programs into the plan, alter them to accommodate the plan, hand them off to another governing body, or phase them out so as to minimize disruption to

all concerned. This can very well result in laying off staff (with adequate advance notice), changing partners, terminating or modifying contracts, and realigning budgets. A board that pursues no vision has no mission. Without a mission, the board has no reason to exist.

II. Attracting and Sustaining Good Board Members

"When one has no stake in the way things are, when one's needs or opinions are provided no forum, when one sees one's self as the object of unilateral actions, it takes no particular wisdom to suggest that one would rather be elsewhere."—Seymour Sarason, 1990

A. Making Board Work Appealing and Rewarding

People are usually interested in participating on boards for one of two reasons. The first is *altruistic*, when the prospective member sees his or her membership on the board as an opportunity to have some positive impact on issues of concern, and when the purpose is to derive satisfaction with no thought of any other personal gain. The second reason is *self-serving*, whereby the prospective member hopes to derive direct benefit, either on a personal basis or in terms of the organization where he or she is employed. Sometimes there are elements of both in a person's motivation. Whatever reasons board members may have for serving, the important thing is to be engaged in productive work that results in positive outcomes for the community.

Good board members, by definition, are doers. They are reliable, responsible, and energetic. They have good interpersonal skills and a commitment to solving problems. Good members will be attracted to the board if they view their participation as meaningful or leading to results that benefit or satisfy them. Boards that encourage members to become knowledgeable about issues and be directly involved in creating solutions cultivate an environment that nourishes strong, active membership. Listed below are some basic principles that successful boards have used to support enthusiastic and productive participation by their members.

Planning and Conducting Well-Organized, Comfortable, Stimulating Meetings

Meetings that are boring or devoid of valued social benefits, or those that accomplish nothing, will not appeal to anyone. Making sure that board members are productive and have a psychologically comfortable setting is the best way to assure that a board attracts good members. Meetings should be well-organized so that members clearly understand what is expected and roles they need to play in the proceedings. Issues should be presented in a stimulating manner so that members are motivated to focus

on solutions. Dynamic "doers" are easily frustrated by poorly organized gatherings, and no one enjoys meetings filled with tension and rudeness.

Valuing Members' Opinions and Perspectives

Board members must feel that their opinions are valued. When members think they are there to "rubber stamp" decisions already made, they will not see their participation as critical or truly valuable. Good members believe they have a perspective to offer to the group. When board procedures are not structured to acknowledge members' opinions and perspectives as resources, such boards generally fail to accomplish their goals and/or make a meaningful contribution to the community. Likewise, board members become effective decisionmakers only when they understand the relative value of their opinions and perspectives within a larger context of exchanging ideas and learning, wherein the best ideas of the group are sorted and tested as potential solutions.

Building Group Cohesion and Teamwork

People join boards as individuals who bring a particular perspective, special interest, and/or expertise. However, part of what makes the board experience rewarding is the opportunity to work collectively toward the common good. Boards that encourage teamwork and group decisionmaking rather than individualism tend to be more cohesive and effective. Creating a cohesive environment requires group deliberation and an individual exchange of opinions, a focus on issues that are vital the future of the organization, equal access to information, and time for informal networking. Various board development experts claim that this is the level of interaction that appeals to prospective members because it helps create a sense of mutual responsibility for the board's success.

Rewarding Efforts

Members must see their efforts rewarded. Sharing credit for accomplishments is the easiest way to attract good board members, who should never be taken for granted or have their efforts discounted. Rather, they should be recognized for their work on a regular basis as progress occurs. Formal recognition should be given at public events or in the news media whenever possible. Such recognition builds the reputation of the board and will contribute to attracting additional good board members.

The principles listed above should be given primary consideration when developing rules, bylaws, or procedures for conducting business of the board. These things do not occur by chance; they must be planned and made part of an agreed-upon strategy for creating a meaningful, successful board.

B.   Recruitment Strategies

Recruitment of good board members is fundamental to long-range success. Boards should use caution and deliberation in how they approach this task. It is a given that boards need to find individuals who can represent particular community interests, but prospective board members must demonstrate commitment to broader community issues beyond those that relate to their affiliations or personal needs. New members should be selected based on the totality of what they can contribute, rather than the fact that they represent a constituent group or important organization in the community[1]. In other words, good members are individuals who can become committed to the overall vision and mission of the board.

Board members who make a strong commitment are usually stakeholders in the community. Stakeholders either live in the community, have family who live there, own a business there, or, have some vested interest in the community that represents a personal stake. The practice of including board members solely for their command of resources when they have no direct ties to the community means that such members may bring competing interests to the group.

For example, a board may include representatives of agencies or businesses in the hopes of creating partnerships that will bring needed resources to the project. This, however, can create dissension on the board as these agencies and businesses bring separate and distinctive missions of their own and may compete to advance their own goals. It is unrealistic to expect organizations to put aside their missions and goals when they become members of the board. Even though they may share a common objective with the board, that may not be their first priority.

The key to determining who will be good members is a test of whether their participation will lead to a "win-win" situation. If a prospective member is from an organization that seeks other funding to replace lost revenues, it is likely that the member representing the outside organization will be looking for ways to use board resources to subsidize their organization. The main criterion for determining whether such members can be participating stakeholders in the board's mission is whether they will support a "win-win" strategy for the board with whatever outside partners they may represent.

Testing the Water

---

[1] "Community" here also includes the community of clients, e.g., farmworkers.

As important as it is for boards to assess the qualities new board members will bring to the group, it is just as important to provide prospective members with sufficient information for them to determine whether they want to join. This should include the following types of information.

C   Problems and issues the board is committed to solving should be forthrightly stated to determine whether prospective members share an interest in finding solutions. Identifying common ground sets the stage to judge what "win-win" situations apply to their participation on the board.

C   The vision, mission, and *modus operandi* of the board should be communicated. This is to determine whether prospective members can support the basic strategy, goals, and mission of the board.

C   Rules governing the board should be explained. Prospective members need to know in advance how the group governs itself, since membership implies agreement with the rules.

C   Prospective members also need to know how much of their time and effort will be expected. Will they be meeting during working hours or in the evening? What kind of work will be required? How much time needs to be spent in training?

C   A list of current members on the board should be provided. Prospective members can be expected to judge the group by the reputation of its members.

Presenting this information at the initial stages of recruitment allows prospective members to make an informed decision about joining the board, and it reduces the probability that they will terminate their participation, participate only half-heartedly, or resent demands made on them later. Enticing new members by misrepresenting or exaggerating the realities of membership creates bad feelings and distrust later down the road.

The practice of treating membership as purely honorary should be discouraged. Group members should be responsible for the power they have over board projects. Knowledge should be emphasized as the only legitimate power of board membership, and that can be gained only through personal investment in the work that needs to be done.

Recruitment of board members becomes a matter of strategy toward the goal of shaping the character and resources of the group to accomplish the

board's vision. It is worth repeating that an individual's commitment to the board's vision, mission, and goals is the best test of whether he or she will make a good member. Therefore, it is essential for the prospective member to know exactly what kind of commitment is involved.

Developing a Matrix for Evaluating Effective Board Work

Recruiting good board members means being able to identify people with desirable personal attributes who can also bring needed resources to the group. ("Resources" in this context refers to personal qualities rather than material resources.) To identify personal resources, a matrix can be developed that compares the work of the board to needed skills of board members. When boards are "hands-on doers" with no or few staff upon which to rely, the matrix is a good means for clarifying the kinds of skills and expertise board members must have in order for board projects to be implemented. Where staff or contractors are delegated board tasks and projects, the matrix can be used to clarify the expertise needed by board members to manage the organization and perform its other functions.

Regardless of the type of board or the skills needed to do the work, all board members should have the personal attributes of commitment, good judgment, respect for group processes, integrity, and a sense of humor. To identify people with these characteristics, you may want to use the following guide.

Commitment: Look for evidence that candidate members share the same values as the board and have a vested interest in solving problems stated by the board. One aspect that needs emphasis is the board's work style. If the board is a "hands-on" group that expects members to continue the work until it's completed, make sure that candidates are similarly disposed.

Good Judgment: Common sense or good judgment is more critical to a board's effectiveness than special expertise. Look for people who intuitively know that things are not always as they appear to be, will not overreact to situations, and have a reputation for behaving appropriately for the occasion. Such people will respond correctly to tense situations, know that the need for haste and immediate action is usually exaggerated, and know when information does not add up. Good judgment is not necessarily related to education or status. Therefore, community residents with little or no professional expertise can still be exemplary and valued board members.

Respect for Group Process: Some people do not function well in a group. They are impatient, have little tolerance for opposing opinions and often "just want to get things done and go home." For others, process is more important than results. Inevitably, both types end up in the same group. Different perspectives on the value of process can be

accommodated in a group, but everyone must respect the procedures and processes the group has chosen. People who are known to try to control groups and leave hurt feelings behind them are not good candidates for the board.

Integrity: Honesty and openness are aspects of integrity. Board members should be free of any conflicts of interest or should openly acknowledge situations that may represent conflicts of interest. Conflict of interest in pursuit of hidden agendas mires boards in exhausting manipulation and corrosive dissension. Trust among board members is essential for effective working relationships. People who are prone to exploit situations in pursuit of their self-interests are usually known by their reputations and should be avoided.

Sense of Humor: A sense of humor is sometimes the only thing that "saves the day." Fortunately, it is one attribute that is discernible in an initial meeting. Not taking oneself too seriously, seeing the humor in situations and being able to use humor to relieve tension is a personal trait that can get boards through difficult times. Candidate board members who demonstrate good humor can be great assets in keeping the group focused and working together.

III.   Investing in Informed Board Members Through Training

Training, however it is done, is the means by which group members acquire the skills and knowledge necessary to develop sound strategies, work together well, and successfully complete board work.

Training or educating board members is a strategy to make them suitably informed about the technical issues surrounding the board's mission and provide them with the interpersonal skills needed to be effective in the group. Members need to know the rules that will govern their work and what kind of outcomes are expected. The only way to ensure that board members have the requisite knowledge and skills to function effectively is to provide them with structured learning opportunities.

A.   Organizing Training To Meet Board Member Needs

Training is an indispensable tool to ensure that board members have the necessary information and skills they need to be productive. Training is the primary method to:

> C   Build ownership of the board vision for members who join the group after the vision is already in place.

C   Generate leadership skills that enable group members to serve as change agents or catalysts for change in the community.

C   Build effective teams among members so they can pool their resources to enhance the power of the group.

C   Pass on technical information so that members can make informed, intelligent decisions about board strategies.

C   Create good communications and community-organizing skills so that members can influence others to support board causes.

When general information about board structure and history is to be part of the training, senior members of the board can transfer this information to new members either informally or through structured presentations. Senior board members should be ready to share information with new members at any time questions arise. Some boards have chosen to assign senior members as mentors to new members as a method of ensuring that historical information is transferred and continuity is maintained. Whatever methods are selected, some kind of extensive orientation must also be planned that presents information in a systematic fashion, to give new members the framework of knowledge and skills they need to function as productive members of the group.

Assessment of board members' knowledge and skills should be an ongoing process. It is useful to create checklist surveys for members to indicate what types of training they feel would be most helpful. Of course, board members will not be able to identify necessary training unless they are clearly aware of the functions they must perform and issues that demand their attention. As board membership changes, training will have to be repeated or a system for mentoring new members must be developed. Periodically, boards will feel a need to revisit their mission statement or vision. If the vision or mission changes, the group may need additional training to accomplish new work represented in these changes.

B.   Making a Commitment of Time and Resources

Time must be planned for training because most members already have full-time jobs, time allocated to their families, and other commitments in the community. It is advisable to plan extended blocks of time, depending on objectives of the training. Some activities can be accomplished in an afternoon or full-day training. Other activities may require the board to plan a retreat, either a couple of days during the regular work week, or days extending into part of a weekend. It is critical to allow adequate time

to achieve expected outcomes of the training. Spending extended time together also allows board members to form stronger personal bonds and gain understanding of how to support one another's strengths.

Investment of time *and* resources to conduct effective training is always in the best interest of the board. Again, training should be part of an ongoing assessment of board activities and membership needs. Board members should be surveyed, both informally and formally, to determine specialized information and skills they may need. When new skills need to be learned—e.g., leadership training, team-building, and communication skills—qualified specialists are usually required. Boards need not view specialized training as an extravagance. Many service organizations, public agencies, and professional associations offer free or low-cost training for community organizations. Local government and public colleges are also valuable resources for community groups who need training in general skills. The following resources, at a minimum, should be identified and established for training purposes:

C   Meeting space or special facilities.

C   Information materials (for board functions and project activities as well as specialized skills).

C   Trainers (either board members or qualified specialists).

C   Basic training equipment, such as flip charts, slide/overhead projectors, folders, writing instruments, etc.

C   Refreshments.

As already stated, training does not need to be a costly proposition. With a little effort, donation of many resources can be secured from participating board individuals and organizations. Boards should first make an effort to solicit needed training resources in order to reserve as much money in the budget as possible to supply other needs, such as paying for qualified specialists who may not be readily available in your local area.

Investment is a concept that should be understood from more than one perspective. Personal investment of time and energy can be as important as investment of material resources. Personal qualities that have been described in this chapter are valuable "resources" in getting the job done. It makes good sense for the board to utilize expertise that exists among its membership and to evaluate its investments to capture potential resources and maximize effectiveness.

Effective training is a natural way to increase board productivity, as it helps to eliminate waste of time and the loss of personal resources among its

members. Investment of material resources should always serve to increase board capabilities by establishing systematic improvements in how the board conducts its business.

<p style="text-align:center">*   *   *   *</p>

CHAPTER 4

TOOLS FOR PRODUCTIVE AND EFFICIENT
BOARD MEETINGS

SUMMARY

The work of the board is distinct from project work that relates to activities and goals of the organization. Board work is composed of the various tasks associated with the conduct of board business as a governing body. A number of tools are designed to promote board productivity and efficiency. Likewise, there are strategies that expedite board work through the formation of committees, various types of board membership, and defining the responsibilities of the officers. A tradition of standard practices has guided the processes by which boards are organized and function, including procedures for conducting meetings and methods for keeping board records. This chapter explains how to apply these standard practices to strengthen board members' ability to work productively while maintaining their spontaneity to be creative.

Board support personnel (staff) perform much of the work associated with standard practices and are key to appropriate application of tools and procedures. Therefore, this chapter also examines the proper relationship between board members and their staff who perform support functions for the board. Keeping these relationships in balance so that authority resides with the board and not the staff requires a good understanding of the implications of dependence on staff.

I.   The Purpose of Minutes and Agendas

Nothing stymies board members' interest and enthusiasm more than meetings where nothing seems to get accomplished. Nor does anyone want to be associated with a group that is incompetent and can't "get its act together." Making boards productive and efficient goes a long way toward maintaining board member interest and attendance at meetings. It also communicates the message that the board is a community force, able to carry out its work with dispatch and professionalism.

States frequently require that minutes of meetings be kept to document that the board is functioning in accordance with its incorporation statements. Many boards limit meetings to items on the advance agenda, to prevent any manipulation of the meeting to push controversial actions without advance notice to all board members. Each of these tools—minutes and advance agendas—help expedite deliberations during meetings while maintaining an open and fair process.

It is always important to remember that these practices are a means to an end—not the end in itself. What is right for your board is what works best for it. Don't burden your staff and board members with unnecessary procedures. A misapplication of these practices can result in less productivity, rather than more. For you to have productive and efficient board meetings, tools must be used in an appropriate manner.

A.   Agendas

Agendas (see Exhibit 2 for a sample) are lists of topics or tasks to be engaged during meetings of the full board or in committees. Using an agenda keeps meetings organized and focused. When the agenda is circulated in advance, board members can prepare for the meeting and other interested participants can judge whether they should attend or not.

Typically, agendas indicate when the meeting starts, its location, topics to be addressed, and other helpful information. Items listed on the agenda may include brief notes that give a context for discussion and decisions. Notes usually accompany items that call for board action within a timeframe, relate to other items on past agendas, or call for special explanation. This provides board members information to understand and prepare for the meeting.

Preparing and Setting the Agenda

Agenda items are usually determined by activities in progress, issues that surfaced in prior meetings, or new activities resulting from board policy decisions. No matter who is assigned to put together agenda items, agendas should be either set or approved by the chair (or presiding officer) prior to distribution. This gives the chair an opportunity to organize the agenda and prepare to conduct the meetings. If the agenda is too full, the chair can divert items to committees or defer items to a later time. Sometimes items can be handled through an executive committee rather than the full board. It is the prerogative of the presiding officer to make these adjustments to the agenda according to board policy.

For a review of the agenda to be meaningful, the presiding officer must have it well in advance of its scheduled distribution. A prescreening of agenda items frequently results in shorter meetings because the presiding officer can judge which items have priority or could be handled another way. Relevant background information attached to the agenda will help board members be better informed and ready to work when they arrive at the meeting. Most importantly, screening the agenda gives the presiding officer and support personnel a preview of the meeting to ensure that all needed support is in place. Audiovisual aids, space for interested parties to attend, refreshments to compensate for a long meeting, or a rehearsal

Exhibit 2

Sample Agenda Format

Organization:	Date:
Meeting Type:	Starting Time:
Meeting called by Chairperson	Ending Time:
Place:	Background Materials: Board Packet
Chairperson:	Meeting Method: Parliamentary
Facilitator	Decision Method: Consensus
Recorder	Please bring: Board Packet

Order of Agenda Items	Persons Responsible	Process	Time Allocated
1. Call to Order	Chairperson		1 min.
2. Approval of Agenda	Board	Consensus	5 min.
3. Approval of Minutes	Board	Consensus	2 min.
4. Consent Agenda	Chairperson	Consensus	5 min.
5. Treasurer's Report		Report	5 min.
6. Exec. Director's Report		Information	10 min.
7. Committee Reports			
Budget and Finance		Acceptance	15 min.
Fundraising		Information/Discussion	10 min.
Public Affairs		Information	5 min.
Executive		Information/Action	5 min.
Personnel		Information	2 min.
Education		Information	2 min.
8. Parenting Program		Consensus	10 min.
9. Expansion Proposal		Consensus	15 min.
10. New Business			
11. Adjournment			

Source: National Center for Nonprofit Boards

for how best to handle controversial items all contribute to a stronger likelihood that meetings will proceed smoothly with fewer interruptions.

B.   Minutes

It is imperative to keep some record of all board-sanctioned meetings to document that board policies and rules of incorporation are being followed. Beyond this requirement, recording meeting events ensures that whatever was accomplished is not lost. When a clear record is not available, arguments about what did or did not happen are inevitable.

Taking Notes and Making Corrections

Meeting minutes need not be a lengthy record of every remark. In fact, overly detailed minutes defeat their purpose by intimidating readers with their bulk. Verbatim transcriptions taken from recorders, for example, are not only expensive but contain extraneous information that is not useful. Moreover, tape recorders catch only some of the discussion in the room, missing comments made beyond the range of the microphone.

A better practice is to designate someone who is knowledgeable and proficient to take notes. Where staff are available, the notetaker should be a staff person who writes up the notes immediately following the meeting. These notes are submitted to the board secretary for review and correction. If no staff person is available, the primary task of notetaking may fall to the secretary. The secretary, usually in consultation with the chair, then presents the minutes at the next board meeting for the full board's approval. Corrections from all members are made at this time. The corrected minutes, once approved by the board, become the official record of the meeting.

Contents of Minutes

Minutes should include, at a minimum:

C   When and where the meeting occurred.

C   Who was present—the chair, board members, staff, guests, or other interested parties, for example.

C   The existence or absence of a quorum.

C   How each agenda item was presented.

C   All rulings made by the chair.

C   The substance of recommendations/motions and who made them.

C   Summaries of discussion that led to recommendations/ motions.

C   A record of all proper motions and actions.

C   How everyone voted or the number voting for or against recommendations.

C   Listings of necessary resources to accomplish recommended tasks.

C   Timelines and expected outcomes related to recommended activities.

Minutes as a Record of Board Work

A master copy of all minutes for full board meetings should be retained as part of the incorporated organization's records. Minutes of committee meetings should also be retained where standing committees report to the full board. Meeting minutes are the group's "institutional memory," since the composition of the group or board will change over time. After a few years, memories of how and why things were decided become hazy or entirely lost because of board turnover. Board members need to know the history of board discussions and decisions in the form of meeting minutes in order to become fully informed and responsible decision makers.

Minutes as a Basis for Resolving Disputes

Meeting minutes are frequently used to resolve disputes over past board actions. Therefore, minutes should be detailed enough to provide a record that clearly explains board actions. Notetakers are advised to state to board members their understanding of the action taken, to ensure that it was heard correctly. They are also responsible for confirming the correct count of the vote and any other condition required for board action. Accuracy and completeness are especially important in three areas: (1) what action was taken by the board, (2) the reason or rationale for the action, and (3) whether official conditions for taking action were met. The latter consideration concerns such things as whether there was a quorum when a vote was taken and the number of votes needed for the action.

Minutes as a Communication Tool

In addition to serving as the official record of the board's work as a group, meeting minutes also are used to orient new board members, keep track of project milestones, and communicate among and between board members. As a communication tool, meeting minutes advise every board member on actions taken by various committees and members, providing a tool by

which the work of the board is coordinated. Without minutes of meetings, members of large boards may be unaware of the activities and thinking of some members.

How minutes are presented or organized will have a bearing on their utility. Minutes should be concisely written to follow meeting events chronologically so that readers can easily visualize the progress of the meeting. Bold face headings should indicate agenda items. Recommendations or motions by the board and important announcements should be marked to flag the reader's attention. The use of bullets, brief phrases or sentences, and indented text help organize material without the need for narrative conventions, such as paragraphs and topic headings. If a format for recording the meetings is worked out around the agenda in advance, taking notes becomes easier. See Exhibit 3 for an example.

Note that the minutes are numbered (14 th Meeting). This helps board members and staff alike to make sure that they have all the meeting minutes. It is also easier to refer to a particular meeting by its number and date since some boards may not meet regularly.

II.   Staff's Role in Board Work

Staff are employed by the board to provide support for board meetings and required functions, and to facilitate and monitor assigned board project activities. There are no hard- and -fast rules for how either type of tasks may be delegated. Some boards rely extensively on staff for many board functions. In these instances, staff might perform any of the following tasks:

- Schedule meetings according to board policies.

- Take minutes and prepare all reports reviewed by the board.

- Recommend agendas for meetings, new board members, and actions to be taken before the board.

At the other end of the continuum are "working boards," where members contribute their expertise and time to do actual project work. They may mentor clients, write checks to pay bills, recruit, hire and train staff, negotiate contracts, and write grant applications. The more active board members become, the better control they have in using staff support to carry out the board's agenda.

Exhibit 3

Minutes of the 14th Meeting of the MSF Resource Board

Date:

Meeting Time: **Meeting Place**:

In Attendance:

    Board Members   Staff   Others

Agenda Items:

    Approval of Minutes of 13th Meeting

        Corrections

        Motion To Approve by

        Yea _____ Nay _____

    Proposal for summer recreation

        Discussion

        Action

        Yea_____ Nay_____

    Staff reports

        Financial report

        Discussion

        Action

        Program status report

        Discussion

        Action

    Jones Middle School Request for Career Awareness Program

        Presentation

        Discussion

        Action

        Yea_____Nay_____

Adjournment Time: _____

The key issue is how does the board use staff, especially the executive
director, to increase the productivity and efficiency of board meetings
without losing its independence and becoming overly reliant on staff. The
answer lies in how staff and board roles are defined, and in how
communication occurs between them.

When staff interpret information to arrive at a conclusion, the rationale for
their conclusion should be shared with the board. At a minimum, staff
should label conclusions as such and not pass them off as facts. For
example, "The auto mechanics' training class is a waste of money" is a
conclusion. "The auto mechanics' class has ended with no students in
training-related jobs" is a fact that may lead one to conclude that it was a
waste of money. Upon hearing this report, the board may ask for
additional information to come to their own conclusions about the overall

success or failure of the class. Staff should supply information to board members, not draw conclusions for them.

A.   Staff as Record Keepers and Information Gatherers

Staff are appropriate agents to take notes at meetings, prepare documents or reports for board review, and conduct research to answer questions raised by the board. These tasks provide the board members with well-organized sources of information upon which to make decisions, so that meetings can move efficiently through complex issues. Staff should be available at meetings to receive information-gathering assignments from the board and to supply information.

B.   Staff as Technical Consultants

Boards frequently rely on staff to provide them with technical information and advice. For instance, the project accountant or bookkeeper may advise the board about the most efficient method for tracking Government funds so that required Federal reports are submitted on time. Case managers may provide the board with the best information about clients' needs for child care. Instructors may give the most accurate information they have as to why students fail their classes.

In most cases, technical information is channeled through the executive director. This practice has the advantage of being easier for the board, since they have a single point of contact for information on any technical issue. However, it has the disadvantage of filtering all technical information through one person's biases. Using the executive director as the only source of technical information may have the effect of limiting the board's access to diverse points of view. It relies on the executive director, as the top manager to be well informed on the day-to-day operations of staff and to be able to include their technical input.

C.   Staff as Organizers and Facilitators of Board Work

Staff may also be used to organize meetings, facilitate discussions, and see that meetings accomplish their purpose. There is some risk that the control of meetings and board work will shift from board members to staff. Even without a conscious wish to usurp the board's prerogatives, executive directors will naturally focus on staff needs and priorities when setting meeting agendas, recruiting new board members, or facilitating discussions. Given the executive directors' superior technical knowledge of the projects, they can easily reach a point where they have more influence than any board member.

D. Staff as Planners, Community Liaisons, and Board Trainers

It is assumed that the executive director will contribute to the planning process, interact regularly with the community, provide technical information for board training, and have a voice at board meetings. However, when staff assume primary responsibility for the tasks of strategic planning, representing the board to the public, and training board members, the board may become a "rubber-stamp board." A rubber-stamp board has minimal control over the staff's work, preferring to attend occasional meetings, vote on staff recommendations, and limit its investment of time and energy. Examples of such boards abound in the form of celebrity boards of high-profile organizations. In these cases, board members are selected for the luster they lend the organization rather than their ability to add value to the project work.

There have been several examples (e.g., United Way) where staff were trusted too much by rubber-stamp boards, resulting in considerable board embarrassment and a loss of credibility to the organization. No one's interest is well served by a rubber-stamp board.

III. Organizing to Get Board Work Done

There are several methods for organizing boards to make them more efficient and productive. Most boards use a combination of these to create a structure for getting their work accomplished. *First*, boards typically appoint or elect officers who have special responsibilities, most of which relate to leading and organizing the board. *Second*, boards set up committees that allow selected members to focus on well-defined board responsibilities. *Third*, boards may establish different types of members to bring needed resources and assistance to board work. This results in board members who make key decisions around governance issues, can draw on associate members for needed expertise, network with the community, or expand the board's influence and capability in some other manner.

Each method offers boards a means for delegating work and expanding board influence, even when there are limited staff resources. The choice of method or combination of methods is determined by the nature of the work, the skills and availability of board members, and the board's mission.

A. Functions of Board Officers

The first task in organizing an effective board is to determine in the bylaws what work will be delegated to officers. Their duties should be delineated in great detail to avoid later conflicts and to ensure that the board's philosophy about how its work should be done is well reflected in the officers' duties.

For corporate officers, duties are set out in the bylaws. Board officers nearly always include a president, who serves as chairperson or leader of the group; a vice-president, who substitutes for the president; the secretary, who serves as keeper of board records; and the treasurer, who is the chief financial officer. The typical functions of these and other officers typical of nonprofit boards are explained below.

President/Chairperson

The president or chair guides, facilitates, and coordinates the work of the board. An effective chairperson is a catalyst more than a leader of the group, performing the administrative work needed to ensure a productive and efficient board, keeping the board on track in terms of its mission and goals, and ensuring that the Articles of Incorporation, bylaws, and board policies are followed. The chair, who typically is the linchpin between the board and the staff, works closely with the project managers and the executive director.

Contrary to popular notion, the chair should not be viewed as having more authority or power than other members. Although the chair's duties include making assignments to committees, developing meeting agendas, and running board meetings, he or she should not have the loudest or most frequently heard voice during board meetings. A board meeting dominated by the president or chairperson is not really a board meeting. A good chairperson is a skillful facilitator who has excellent interpersonal skills and can bring out the best of each board member, thereby optimizing the potential contributions of all.

Presidents or chairpersons usually have signatory authority, i.e., they sign for the corporation to bind it for any legal purposes. They also represent the corporation at public meetings or gatherings where an official spokesperson is required.

Vice President or Vice Chairperson

The vice president substitutes for the president when the president is unavailable. This officer may also be given specific administrative duties, such as serving or advising on questions concerning parliamentary

procedures or maintaining order if the board has no parliamentarian or sergeant-at-arms.

Secretary

The secretary is recognized as the official keeper of records, including minutes of board and committee meetings, the Articles of Incorporation, bylaws, policies and procedures manuals, corporate seal, and any other symbols held by the board. The secretary is also usually the one who corresponds with other entities and reviews written documents issued by the board. Questions regarding board records are directed to the secretary, who is often a second signatory agent for the board.

Treasurer

The treasurer is generally responsible for safeguarding and accounting for the board's financial resources. The treasurer may be a signatory agent for checks or may be required to approve certain financial transactions on behalf of the board. Treasurers work closely with the project staff responsible for bookkeeping and accounting, frequently chair the budget and finance committee, or may be responsible for preparing budgets and making recommendations to the board regarding use of resources.

Parliamentarian

A parliamentarian is needed if the board adheres strictly to Roberts' Rules of Order or some other form of parliamentary procedure. This person is an expert on the rules by which board meetings are conducted and ensures that these rules are followed, correcting members as necessary.

B.   Use of Committees to Organize Board Work

There are two types of committees—standing and *ad hoc* committees. Standing committees are created in the bylaws and have an ongoing, permanent responsibility for a given board function.   *Ad hoc* committees or work teams are formed to address a particular short-term, interim objective and are then disbanded. Since *ad hoc* committees are temporary, they are frequently used to solve unexpected problems.

Boards are usually organized around standing committees, with each committee representing an important function or responsibility of the board. For example, most boards have a nominating committee that is responsible for recruiting and recommending new members. A board, in addition, might have a program committee that recommends and advises on program design. Committees, then, can be created to address board work as well as project work.

Regardless of the work and responsibilities assigned to board committees, they are worthless if the board second-guesses their recommendations and, in effect, repeats their work during full board meetings. Board members must have trust in their colleagues if committees are to serve their purpose.

Standing Committees

C   Board Executive Committee

Boards that meet infrequently may delegate essential board work to a committee comprised of board officers—an executive committee. The executive committee makes decisions, as authorized by the board, to meet emergency situations that cannot be postponed until the next board meeting.

This practice is so expedient that it can eventually lead to the executive committee becoming a *de facto* board. Board members not on the executive committee may feel extraneous to the process and may lose interest in serving on the board. Since all members are equally liable for board actions, overuse of executive committees can also leave nonparticipating members feeling vulnerable.

Another risk associated with overuse of executive committees is the centralization of power in the hands of a few board members. Collusion in pursuit of self-interest is possible among 4 people but nearly impossible among 25. In addition, the more participants in decisionmaking, the sounder the decision.

A better use of executive committees is to provide coordination and leadership to the board. These committees are the logical bodies to plan board training and recruitment and to deal with internal discipline issues. The responsibility for nurturing members and improving board processes is appropriately placed in a committee of officers elected by the membership.

C   Program

Program committees plan and review project activities. Specialists or other board members with expertise relevant to the types of programs sponsored by the board are typical candidates for this committee. Boards may also choose to introduce clients to the role of board member, in which case they are frequently assigned to this committee.

C   Personnel

This committee recommends policies and governs implementation of the personnel function. In addition, the personnel committee usually evaluates the executive director. Typical work of this committee is to review and approve job descriptions and qualifications statements for new positions, review staff recommendations for filling vacancies, participate in final interviews of applicants for sensitive project positions, recruit and evaluate candidates for the executive director position, and mediate personnel complaints.

C   **Nominations**

This committee recruits, screens, and recommends new board members. Members of this committee also orient new members, make sure that eligibility requirements are met, and that vacant positions are filled in a timely way.

C   **Building/Grounds**

This committee is needed only if the board owns or controls buildings and grounds. The physical structure—its maintenance, refurbishing, furnishings, and decoration—are matters under the building/grounds committee. This committee is critical when expensive purchases or renovations are in order, since these purchases represent a long-term major investment.

C   **Finance and Budget**

This committee monitors the expenditure of funds, raises money, and manages the financial affairs of the board.

As can be seen from the standing committees, there are many possible relationships between committees. If the building needs a new boiler at the same time that one of the program activities is running short of cash, both the building/grounds committee and the program committee will be conferring with the investment and budget committee. It is generally the task of the president or chair of the board to make assignments of specific tasks to the appropriate committee and, at that time, determine which of several committees should be responsible for an assignment.

The reason that boards form committees is to reduce the amount of time and work that all board members must expend in meetings to accomplish goals. Even when there are abundant staff to support and assist the board, much of the board's work (as opposed to project work) is to make independent decisions on governance matters. This cannot be delegated to staff. The board must study, deliberate, and come to decisions.

Some boards require that all new business before the board come from a standing committee. This means that no new business can be placed on the agenda except in the form of a committee recommendation. When there are many governance matters to address, using committees ensures that each matter will get the attention it requires and the board will make an informed decision by relying on the special work done by the appropriate committee. Instead of every board member studying every issue coming before the board, the work is divided among committees. The board then can listen to the results of the committees' work, usually in the form of recommendations, and make its decisions.

The use of standing committees or *ad hoc* committees necessitates a system of committee organization and support. Committees require the assistance of staff to keep minutes of meetings, conduct research, provide special expertise, and perform general duties that may lighten the workload of the committee members. Standing committees, such as the program committee, may develop close ties with program staff and thus provide an important link between staff and board. This not only gives staff an opportunity to influence the board, it also gives the board an opportunity to assess the capabilities of the staff.

Some board members are concerned that the close relationships developed between staff and board members around committee assignments may affect the objectivity of the committees—i.e., committee board members will be unduly influenced by the staff and not exercise independent judgment. Where this is a concern, the chair may reassign committee members or engage an independent expert to assist the committee. The independent expert makes the committee less dependent on the staff for the special knowledge necessary for the committee's work.

For example, the finance and budget committee must determine whether the financial reports reflect accurately how Federal grant money is expended and that Federal requirements for cost accountability are being met. In this situation, the board committee is making judgments about the work of the staff that normally supports the committee. Members of the accounting staff can be expected to be biased about their own work; therefore, the board hires an accountant to examine the records and help the committee make its determination. Total cost to the board for an accountant, typically 1 percent of the budget, may well be worth it if there are any serious concerns about the staff's work. (Keep in mind that many experts are willing to donate *pro bono* allotments of time.)

Where committee organization and support are weak, boards are invariably run by the chair, a few of the strongest members, or the project executive director. Where committees are well organized and energetic, boards are productive and powerful, and meetings are efficient.

C.   Use of Types of Membership to Organize Boards

When boards lack staff support or prefer to keep board work within the board membership, creating special types of members serves to expand resources without expanding the size of the governing body. Under this organizational framework, a board has voting members who represent the incorporated body and make decisions. In addition, other types of membership can be created to serve special functions— *ex-officio,* associate, and other nonvoting members. They can do anything that the board determines appropriate except vote on board actions.

Also, some boards recognize the need to expand their membership to allow links with or input from government officials, community partners, community citizens, or project clients. There are many advantages to being an inclusive board of directors. The board is more likely to reflect the will and character of the community or target group it serves. The board's resource base is expanded and its influence is greater. Sometimes it is a requirement of a Federal or foundation grant that large and diverse entities be represented on the board. And, of course, there are more people to do the work of the board. However, large boards of more than 25 members require a commensurately large quorum before they can take action, have more potential for conflicts of interest, and are more difficult to manage during meetings.

The solution is to create different types of membership; this brings to the board the benefits of an inclusive, large membership but keeps the quorum needed to take action to a manageable number. (Generally, boards require at least a majority of members to meet before any action can be taken as a board.) Two types of special membership are discussed here— *ex-officio* members and nonvoting members—to demonstrate how special memberships are used to organize the board.

Ex-Officio Members

These individuals are automatically board members as a result of some other office or position they hold. For example, it is common for mayors or other heads of government to be *ex-officio* members of a community-based organization. Generally these members do not vote but may be assigned special roles on the board, such as mediator or advisor.

Nonvoting Members

Nonvoting members are selected and appointed according to the bylaws and enjoy the same rights and level of participation as regular members, except they cannot vote on board actions and do not count as part of the quorum. Nonvoting members may represent agency partners for whom

voting introduces a conflict of interest; interested community or target group representatives; or experts whose participation on the board is highly valued, but who may not be able to participate fully as voting members. This latter group includes desirable, interested members who cannot attend often and who would otherwise impede the necessary quorum for meetings. Having special memberships allows the board to continue a relationship with such people without jeopardizing its effectiveness.

There is no need to restrict the number of nonvoting members, thereby creating opportunities for active participation of groups that are much larger than the typical board. Nonvoting members can serve on committees, participate fully in board meetings and advocate for their positions on issues under discussion. Creating opportunities for nonvoting members gives boards additional resources for getting their work done while also increasing their influence in the community. It makes the creation of an advisory council unnecessary and creates a pool of potential voting members. This is an excellent way to identify new board members who will require minimal orientation to the board and whose interest and ability are well known prior to their induction on the board.

Boards have used nonvoting memberships as a means of reducing conflict of interests among partners who need to be actively engaged in board work. Project clients can also be recruited to serve as nonvoting members of the board when they have shown an interest in its work and desire to serve on specific committees. As a means of reducing the probability of inducting board members whose interest may flag after a brief time, recruiting from the pool of nonvoting members can have merit.

IV. Procedures That Increase Productivity of Board Meetings

Some form of parliamentary procedure is common among boards and "Roberts' Rules of Order" is the most typical. This guide was intended for large meetings (e.g., parliaments), to ensure efficiency and fairness for all the contentious factions represented. When the board meets these criteria—large and contentious—these rules may be appropriate. However, for small groups whose relationship is less contentious, strict adherence to parliamentary procedures may actually be counterproductive, reducing the informal, free exchange that can be a useful process for making good decisions.

Another disadvantage of following parliamentary procedures is that few people are expert enough to apply them with confidence. Once a board commits to this procedure as a means for conducting meetings, a parliamentarian must be appointed who can become sufficiently expert in the rules to enforce the rules.

Many boards have lapsed into an acceptable corruption of Roberts' Rules of Order, whereby selected procedures are adopted because they are useful. Several of the most frequently used rules and procedures are listed below.

- Votes are taken only on *formal motions* (recommendations) from the floor (as opposed to those from the chair). The value of this procedure is that it limits the power of the chairperson to control the agenda.

- Motions from the floor must have a second person endorsing them before a vote is called. A *second to the motion* ensures that calling for a vote will not be a waste of time, since at least two people are endorsing the motion.

- The chair *calls for discussion of the motion*. This ensures that all persons wanting to speak on the issues have an opportunity to do so and motions are not rushed through to a vote.

- The chair signifies that the *motion carries*. Following the vote, the chair formally announces that the motion either carries (is approved) or fails, so that the meeting minutes can record the action on the floor correctly.

- Recording *abstentions* is a means for a member deliberately not to vote on an issue and have it recorded as such.

- *Tabling* is putting issues or discussions aside until a later time without voting on them. This keeps the issue before the board so that it is not forgotten. Tabled items are automatically included as "old business."

Whatever process is used to conduct meetings, those procedures should be the result of a conscious decision and taught to all members so that no one is hesitant to participate in the meeting because of not knowing the procedures. When board members are inexperienced with board participation, keeping the rules simple and informal reduces a significant barrier to their participation. For example, using language such as " I move . . ." rather than "I recommend . . ." is not natural. It is not how people normally talk and can represent a barrier to some members' participation in the process.

Consequently, the board should examine its procedures, or a newly formed board should develop procedures that meet the following criteria:

- Are easily understood by the least experienced board member and are perceived by all members to be fair.

- Represent a natural exchange among board members and maintain order during meetings.

- Keep meetings from bogging down in unproductive discussions, rhetoric, or repetition.

- Ensure a clear understanding about what decisions are made or board actions taken.

- Protect members from undue pressure or control of the chair.

Trial and error may be the method that leads the board to a set of procedures that fits the members' styles and comfort levels, while keeping meetings efficient and focused. It is less important to follow a rigid set of procedures than to have meetings that encourage interest and participation across board membership.

<p style="text-align:center">*   *   *   *</p>

CHAPTER 5

OVERSIGHT OF PROJECT WORK AND BOARD RESOURCES

SUMMARY

Board members must rely on others to collect and present information from which they may draw conclusions about how the work of the corporation is going and how corporation money is spent. When public funds are involved, the board's oversight of project work and resources is also a matter of public trust. To meet oversight responsibilities, boards must know what their sources of information are and how to gain access to those sources. Getting useful information from a variety of sources, especially project staff, is the subject of this chapter.

I. Getting Useful Information From Staff

The primary tools that boards use to carry out their responsibilities for oversight are reports compiled by staff. However, because of the disparity between board and staff members' knowledge of technical project details, staff prepare reports that are usually only clear to other staff. Board members hesitate to take time away from a meeting to ask the questions needed to understand the reports, resulting in their growing dependence on staff interpretations. This situation, though all too common, impairs the board's ability to carry out its fiduciary responsibility and function as the responsible entity for the project.

Eventually, board members may feel uncomfortable with their dependence on staff. The first time that staff reports reflect an error is usually the beginning of the breakdown in trust between staff and their board.

A. There Is Work in Creating Useful Reports

Good reports promote good relationships between board and staff. A good report is one that delivers information that board members need in a form they can easily understand.

For staff, this means preparing special reports for the board, not duplicating reports written for other audiences for other purposes. Staff do not like the extra work and cannot be expected to know what the board needs in the way of information. Therefore, it falls upon the board to institute a process with staff that results in "good" reports.

When one nonprofit board faced this problem, it assigned two standing committees—finance and program—the task of compiling a list of questions that the board would want answered in the staff's reports to the board. The finance committee focused on information about what was spent in terms of categories of expenditures that it felt needed to be watched closely—equipment purchases and other items left to the discretion of staff. This committee was less interested in detailed accounts of fixed costs—rent, utilities, staff salaries—once these were initially approved. It also wanted projections on future expenditures by quarter and running balances. The subsequent report was one page and easy to compile and follow.

The program committee wanted a fairly complex account of participants served, service provided, and the cost of and benefits derived from each service. Although this sounded simple, the project's Management Information System (MIS) was not configured to give information about cost and benefits of each service—only cumulative effects of all services. The difficulty was resolved by hiring a consultant to conduct an evaluation of the relative costs and merit of each service component.

The Different Roles of Board Members and Staff in Designing Useful Reports

The board must determine what questions it wants answered, not how the reports should read. A logical starting point is to focus reports on the predetermined project objectives. It is the staff's job to find the most efficient method and format for compiling reports to answer questions about the attainment of project objectives. When board members who have little understanding of the MIS and other reporting burdens on staff are too prescriptive about the content and format of the reports, they create unnecessary work for staff and potential resentment.

When staffers provide reports that are overwhelming in their complexity and detail—e.g., a copy of a spreadsheet with acronym labels and numerical codes—they are disregarding the board's need for clear information to help inform their project oversight. When financial reports fail to flag carryover funds, represent cash expenditures, or use a different fiscal year than the board is accustomed to, they obscure the organization's financial picture.

Trial and Error

It may take several attempts before board and staff are able to create a report that adequately informs the board. First, the board may find that its first set of questions is not sufficient. Second, staffers may find that their MIS must be revised to produce the information needed. Where

Government grants are involved, there is frequently a conflict between the board's fiscal year, for which the accounting system is designed, and the grant period. It is not an easy task to reconcile accounting rules that may use different cost-classification schemes (how an expenditure is catalogued within the budget), different or overlapping timeframes, and different rules for tracking obligated costs (purchases made but not paid).

Initiating a dialogue between board and staff where each respects the other's issues is the first step. Micromanaging highly technical work will not get the board where it wants to be, just as failing to communicate clearly the status of the project and its funds deprives the staff of board members' support when their help is needed to address the inevitable problem. Board members will not be sufficiently informed to understand the dilemma or to offer assistance or sympathy.

B. What Types of Reports Should Be Given to the Board?

This question seems to create more problems between board members and their staff than it should. The following is a broad framework for developing reports essential for boards to meet their oversight obligations. A governing board has many responsibilities, but we are dealing only with those involving reports about board projects. Responsibilities associated with project work are the following:

- **Budget and finance**—Boards are responsible for bringing adequate resources to the project and expending resources in the most effective way to achieve project objectives. Boards are also accountable for all funds assigned to the project and compliance with any and all requirements attached to the use of funds secured for the project. Requirements associated with grants, contracts, individual donations, or other types of fund raising must be honored.

- **Project effectiveness**—Boards are responsible for evaluating the effectiveness and quality of project work and outcomes, to ensure that the project will accomplish (or contribute to accomplishment) of the organization's mission, goals, and vision.

- **Planning**—Boards must plan projects that achieve the organization's mission, goals, and vision.

- **Compliance with legal requirements associated with project work**—These may relate to safe food handling, child labor laws, equal employment opportunities, working conditions, vehicle inspections, etc. Boards generally adopt policies that prescribe a

framework for implementing procedures that meet general legal requirements associated with project work.

The following table associates each of these four responsibilities with the content of a report. Format and organization are not addressed here. Report format is a function of the project's MIS, where the information is located, and what is easiest for staff to compile. Whether the information described below is organized into one or multiple reports is usually a matter of which staffers are associated with the data sources. We assume at least two types of reports: financial and other. Following the table, we discuss the report content in greater detail.

RESPONSIBILITY	KEY QUESTIONS	REPORT
Budget and finance	1. Are we spending according to plan?	Comparison of planned and actual expenditures from accounting at regular intervals but no less than quarterly.
	2. De we have enough money?	Project costs projected by staff and compared to unspent budget. Audit once a year by independent auditor.
	3. Are we accounting for expenditures correctly? 4. Are all our costs reasonable and necessary?	Annual review of randomly selected invoices if purchases are made without board approval.
Project effectiveness	1. What has the project accomplished to date?	Compilation of outcomes, along with narrative explaining variances from project plan.
	2. Will the project achieve our mission or strategic goals?	Outcomes projected to completion of project, with a narrative explaining their relevancy to mission and strategic goals.

RESPONSIBILITY	KEY QUESTIONS	REPORT
Planning	1. What changes must be made in our projects to better achieve our mission and strategic goals?	Evaluation of project processes and their impact on outcomes. Results of trouble-shooting project and customer satisfaction surveys. Staff recommendations for improvements.
	2. What new projects are needed to achieve our mission?	Estimate of costs for alternative solutions to problems.
Compliance with legal requirements	1. Are project agents complying with all applicable legal requirements?	Annual review of board policies governing legal requirements, grant requirements etc., by either board members or independent party. Staff report that documents' legal requirements are being met.

Budget and Finance

As can be seen from the table, financial topics dominate the list of reports needed to help boards meet their oversight responsibility. As the fiduciary agent for funds raised for the project, the board risks its reputation and its future as a fundraiser when there is even the appearance of impropriety. Even questions about the appropriate use of project funds can damage the board's ability to raise money and maintain public confidence. Each board member's personal reputation is also at risk when there is gossip about board funds and expenditures. Consequently, oversight of project expenditures usually has a high priority.

When? Once a Year or Every Month?

The table suggests that two key questions be addressed by regular reports, while two others can be covered in some form of annual review. Boards should monitor on an ongoing basis how much money is being spent to anticipate any shortfalls. This is done by comparing actual expenditures to the budget plan and/or projection of future expenses to establish a realistic assessment of project costs. Such comparisons let the board know whether cost assumptions expressed in the budget are valid—a useful planning tool for future projects—and whether they should modify project work to fit better the money available or raise more money. The latter two

questions need to be answered as soon as possible; hence, a monthly report is typical.

When funding sources set limitations or restrictions on particular cost categories (e.g., staff salaries), the report should be organized by cost categories to alert the board to situations where it may exceed such limits.

Some boards want cost information by line items as a means for monitoring particularly sensitive costs, such as staff travel or purchase of equipment. In those instances, the board is going beyond asking key questions to monitoring staff compliance with board policies or board-imposed limits on staff discretion.

The more detail reports contain, the more time it will take for board members to read and interpret them. Exhibit 4 is a suggested financial report that addresses key questions and allows board members also to monitor whether costs are reasonable and necessary.

In this example, the boldfaced items represent cost categories, and items listed under each cost category represent particular line-item expenditures falling within the category. An organizational scheme such as this one helps the board classify costs in clusters, total each cluster, and compare totals to visualize spending patterns quickly. Since staff salaries are constant from month to month in this example, there is little need for a more detailed breakout. If this is not the case, such as when temporary labor or consultants are used extensively, the board may also want to see a more detailed presentation of personnel costs. The general rule of thumb is that financial reports are detailed in those cost categories where the board feels the greatest need to exercise oversight.

If the board sees no need to review spending patterns, the form can be collapsed into the items enclosed in the box—monthly expenditures, cumulative to date, percentage of plan represented by cumulative costs, cost to complete, and the total of costs to complete and cumulative costs. The usefulness of each column is explained below.

Monthly obligations: Monthly obligations[1] tell the board about the rate of spending. Monthly spending rates should correspond to the level of activity. If activity levels are constant, spending levels should be, too. If there is a variance between the two, an explanation is called for.

---

[1] Obligations refer to costs incurred even if they have not been paid. Even if obligated costs must be estimated, they are more useful for board oversight purposes than are expenditures.

Exhibit 4
Sample Financial Report

Project Eggplant **Financial Statement for Month** _____			
	A	**B**	**C**
Monthly Obligations Totals:	Cumulative $	% of Plan $	Costs to complete $	A+B $
Personnel Costs Totals: Salaries Fringe benefits Travel Local Out-of-town Bonus	$	$	$	$
Space Costs Totals: Building lease Utilities Security Maintenance & cleaning Furnishings Other materials & supplies Telephone toll charges	$	$	$	$
Equipment Totals: Office equipment Photocopy lease PCs Printers Typewriter Project equipment 8 passenger van PCs Printers 10 fielders' mitts 6 baseball bats	$	$	$	$
Consumable supplies Totals: Office use Project use	$	$	$	$

Cumulative to date: This column is the total of this month's and all past months' expenditures, equalling all costs incurred through the current reporting period. This is sometimes called the "running total." The difference between the cumulative amount to date and the total budgeted is the amount left to complete the project.

Percentage of plan: This column tells board members how actual spending experience compares to the budget plan. A quick scan down this column identifies cost categories and line items that vary from what was anticipated when the budget was developed. This is useful for testing the board's assumptions about what items would cost and how funds should be distributed. It also flags areas that are likely to lead to an unbalanced budget if a change in project work is not adopted.

Costs to complete: This is an estimate of what it will cost to complete the project if there is no change in the current operational plan. The cost-to-complete column is more accurate than the original budget plan because it reflects the insights derived from having tested many or all of the cost assumptions. The further along the project is, the more accurate the estimates should be. If each reporting period is the same in terms of level of activity and expenditures, this column is not needed.

A + B: The final column combines cumulative costs with the estimated cost to complete, telling the board how much money is needed to complete the project if no changes are made in the current operational plan. If this sum is greater than the funds available to the project, a serious problem is identified. Without the budget detail, it would be difficult for the board to see what particular category of costs or expenditures might account for the overspending—thus the advantage of some level of detail.

What Financial Reports Will and Will Not Do

Financial reports are not intended to answer "why" questions but to flag anomalies that trigger appropriate questions from the board. "Why are we spending much less on personnel that we planned?" is as good a question as "Why are our personnel costs so much higher than we budgeted?" Answers to such questions allow the board to judge the quality of the project's management, accounting system, and reporting information. This is the essence of board oversight—the ability to supervise and direct without becoming mired in operational details.

Reports on Project Effectiveness

Reports that inform boards about the effectiveness of the project are another key oversight tool. These reports are completely dependent on the nature of the work or activities represented by the project and the

relationship between these activities and the board's mission and its goals. Unlike financial reports, there are no assumptions about what information should make up the content of such reports.

Project Effectiveness Can Be Presented in Two Ways

Generally, there are two methods for developing reports on project effectiveness. One is a simple narrative by the appropriate staff person—the one most knowledgeable or in charge of the activity. Usually this is the project manager. The narrative report is a qualitative summary of what the project has accomplished during the reporting period and the year to date. The narrative should be written to simplify the recording of meeting minutes and give board members information they can reflect on before or following the meeting. An oral presentation about the substance of the report is usually a means for expanding or clarifying the report.

The second type of report is a quantitative account of events that are measures of progress toward project objectives and mission goals. This is a numerical report that typically relies on a standardized format for presenting information, so that reports can be compared over time or across projects where appropriate.

Project Activities to Project Outcomes to the Board's Mission

To inform the board about project effectiveness, both types of reports must draw a connection between project activities, interim project objectives or milestones, project outcomes, and the board's vision, mission and goals. The following table demonstrates common shortcomings in reports intended to describe project effectiveness.

Report Content	Shortcoming	Correction
Describes activities and project results or outcomes.	Connection between activities and results is unknown—board cannot determine what project adjustments would improve effectiveness.	Each activity is associated with a result so that report is organized around components of the projects that represent key activities.
Results are described in different terms in each report.	Without standardized definitions of results, board cannot make comparisons among reports to measure progress.	Results are defined in terms that can be used consistently for all reports. These are "measures" of activity or component effectiveness.
Measures of effectiveness are unrelated to board's vision, mission, or goals.	Board cannot determine whether the project contributes to its mission.	Measures of effectiveness are linked to board's mission through project outcomes.

Getting From "Activities" to "Mission"

As can be seen by the table, either type of report must establish a causal chain or relationship between measures of project effectiveness, project outcomes, and the board's mission or goals. The chain may be visualized by the following steps:

Step One: Define Key Activities and the Purpose Each Serves

The first step to designing a good report is to determine which key project activities will represent components for reporting purposes. A component is an integral element of the project that has a distinctive function or purpose. For example, outreach or recruitment of members or program participants is a typical component of many community projects. It is a subdivision of the project that has a specific function—it brings people to the project—that is different from the rest of the project's subdivisions. Consequently, its effectiveness can be measured in terms of its objectives. Every project can be broken down into describable components, each of which has a particular purpose.

Step Two: Measure How Well Each Activity Accomplishes Its Purpose

The second step is to determine measures of effectiveness for each component, based on its purpose. Returning to our example of the outreach component, its purpose is to bring appropriate people to the project; therefore, its effectiveness can be determined by the number of people brought in characteristics of the people recruited, and even the percentage of people recruited who participate or not. These measures of effectiveness can be defined and quantified, which makes reports on this component easy to compile.

Step Three: Determine the Relationship Between Activity Measures and Project Outcomes

The third step is to link the measures of effectiveness to desirable project outcomes or milestones. What is the relationship between effectiveness measures for each component and the project's intended outcomes? For instance, effectiveness of the outreach component may be positively correlated to project outcomes up to a point. Once the project has the optimal number of members or participants, further outreach may not contribute to project outcomes. Understanding these relationships helps the board and staff adjust each component as needed to produce the desired outcomes without wasting resources. This information may also

identify components that should be eliminated or expanded because of their impact on project outcomes.

Step Four: Determine the Relationship Between Project Outcomes and the Mission

The fourth step is to link project outcomes to the board's mission and goals. All too often, boards support projects that make little or no contribution to their mission. This happens when project outcomes are found not to have any desirable effect on the community problem, as was assumed when the project was initiated. Eventually, boards drift into supporting projects because they are popular, are easily fundable, or provide a reason for staff to work and boards to meet. At this point, the board has digressed from its original mission and goals.

Avoiding this pitfall requires: (1) reports that continually apprise board members of how projects relate to their mission, (2) periodic evaluation of their progress and work as a board, and (3) reminders of their mission.

Reports To Aid Board Planning

Although all reports support the planning function of the board to some extent, some are specific to planning that the board may require. In many instances, project reports will not provide sufficient information for planning new projects or even altering existing ones that are not effective. To move forward with new or improved projects, boards need information from a variety of knowledgeable sources.

Planning information reaches beyond the board's project experience to answer the question, "What new activity would improve on our current efforts to achieve our mission or goals?" The new activity might replace or add to an existing one. Periodic reports from staff and/or project participants offer valuable ideas for new activities.

Customer Satisfaction Surveys

Customer satisfaction surveys gather information from project participants that may suggest new activities or changes in existing activities. Customer satisfaction surveys are now common in business and are finding greater use in Federal agencies as well. The assumption behind these surveys is that the board's mission is best achieved when project participants are satisfied. This assumption should be tested before boards take action based on customers' satisfaction. Keep in mind that a customer's satisfaction is the result of expectations compared to reality. Where expectations are high, satisfaction tends to be lower than when expectations are low or nonexistent.

Customer satisfaction surveys can be a simple matter of staff asking a few questions as project participants are leaving an activity, giving them a form to complete, or mailing them a postcard to complete and mail. Each survey approach has good and bad features. There are several excellent guides on how customer satisfaction surveys can be conducted and how information from them can be used to improve or inform project work. *Voice of the Customer,* written under the auspices of the U.S. Department of Labor (DOL), is an easy-to-read manual that explains the value and limitations of customer surveys. It also offers examples of survey forms.

Staff as a Source of Planning Information

Staff input represents a knowledgeable source that is also sufficiently close to project participants to represent their perspectives as well. Planning retreats that mix board members and staff into well-focused teams produces excellent results. Staff input can be captured in a number of ways, including suggestion boxes (which have the advantage of anonymity), staff work-group studies and recommendations compiled into periodic reports, or staff presentations to boards or board committees.

Reports That Document Compliance With Legal Requirements

Some boards want to be assured that all legal requirements for the project are being met. Legal requirements are usually a function of the type of work undertaken by the project. For example, if the project called for the operation of a child-care center, legal requirements would be those that the State or local governments impose on operators of these centers. School-to-work projects that arrange work experience for youth must comply with State child-labor laws.

Boards usually delegate responsibility for complying with such legal requirements to the staff, particularly the project manager. If they want assurance that the staff is meeting all applicable legal requirements, they may either monitor the project once a year through the appropriate board committee or ask for periodic reports from the staff showing compliance with all laws. Such reports contain a list of the laws and a method for indicating that staffers are aware of and complying with them.

Getting together a list of applicable laws—and regulations when Government grants are involved—is a good housekeeping chore for project managers. A good method for indicating that staff members are complying with each requirement is to provide a list of relevant laws and regulations that is signed by the project manager or relevant staff member and returned to the board once a year.

The value of such a report is that it documents that the board has taken appropriate measures to ensure compliance with applicable laws. This evidence could be important should questions arise as to board culpability and liability in the event that staffers fail to comply with some requirement and legal action ensues.

II. Outside Sources of Valuable Oversight Information

A. Third-Party Experts

There are times when the cost of securing an outside expert makes sense. One such occasion is when special expertise is required that is not normally found either on the board or among the staff. The other occasion is when an independent, objective viewpoint is valued—either to provide a fresh perspective or to validate the subjective opinions of staff, board members, or clients.

The following examples are situations where both situations exist: a need for special skills and an independent, objective opinion.

Process Evaluations

Process evaluations can generate excellent information for planning new activities or projects. Process evaluations can be thought of as extensions of routine reports on project effectiveness. Typically, process evaluations discern the relationships between and among processes and outcomes. Whereas, effectiveness evaluations make assumptions about these relationships and collect information to assess them, process evaluations do not necessarily require any preconceived notions about relationships between processes and outcomes. Also, process evaluations done by experts external to the project bring a different perspective and new "eyes" to the same data. That combination of new perspective and different background can lead to breakthrough insights into project modifications and planning scenarios.

What Questions Do You Want Answered?

A good evaluation is one that answers the study questions with an acceptable level of confidence. Before engaging an external consultant, boards should be clear about the questions they want answered. Obviously, a board would not want to spend money to answer questions that can be answered by staff; thus, it is important to have in place a good reporting system.

With the board's study questions in hand, an external consultant should be able to explain to the board, prior to being engaged, what data collection process will be used, how collected data will be analyzed, and the content of the subsequent report. This discussion of the evaluator's approach is subject to board review and modification to ensure that (1) collection of data for the evaluation does not impair the operation of the project or impose unnecessary hardship on staff or project participants, and (2) the report adequately answers the study questions and the evaluator's time is used efficiently.

Boards can achieve an independent process evaluation of a project such as a one-stop career center for about $5,000 to 10,000 in consultant fees. The resulting report, coupled with ongoing information about the project, should be sufficient to plan a new project or modify the existing one, with a high level of confidence about the success of the project.

Audits

*The ability of the staff to answer board questions raised by financial reports is a good indicator of the **adequacy** of the accounting system; however, it is no indicator of the **accuracy** and **integrity** of the accounting system.*

To learn if the accounting system is accurately accounting for funds spent and is reasonably secure from abuse, an audit performed by a certified public accountant (CPA) is needed. A CPA examines the accounting system to make sure that it complies with "Generally Accepted Accounting Principles" (GAAP). Beyond this, the auditor must be instructed by the board to apply particular criteria—i.e., all audits are not equal. If the board wants to make sure that its accounting system meets the requirements of a particular Federal agency, the auditor must know what the Federal agency's standards and criteria are. These vary widely.

Even if the only standards at issue are the board's, the board must establish what they are. For example, the board may require that at least two parties sign every check, that no funds be disbursed except by check, that employees must sign for their paychecks, etc. Such policies become standards by which the CPA audits the accounting system.

Many boards copy the accounting standards set by well-established organizations or their State or local government. Others choose to start with these and make modifications that simplify them. In either event, each board should realize that an auditor compares the accounting system to the GAAP and any standards or criteria contained in his or her instructions. Without any directions, a "good" audit may simply mean that the board's accountant follows the GAAP. This certainly would not

satisfy most Federal, State or local Government agencies and may not provide the degree of assurance that would make boards confident that their accounting system incorporates reasonable guarantees against fraud and abuse.

Independent Compliance Review

DOL grants that provide Section 402 funds to support programs serving migrant and seasonal farmworkers have many rules about how grant money may be spent, services provided, and programs administered. The board has the moral and legal responsibility to make sure that these rules are observed. It is the board, not the executive director and other staff, that is most accountable to the Federal agency providing funding.

Failure to comply with the Section 402 grant requirements can result in the grant being terminated, which also jeopardizes the board's ability to secure funds from all Federal agencies. Losing a Federal grant because of failure to comply with grant requirements, especially when money is involved, has serious ramifications for the board's public image and ability to raise money to support its mission.

Monitoring for compliance with a Federal grant is a highly specialized and technical process that board members are unlikely to be able to do themselves. It also requires time that most board members do not have. However, there are a number of consultants available who can conduct such reviews. Just as an independent audit of the accounting system is a routine procedure among nonprofit corporations, engaging a specialist to review for compliance to grant requirements can be just as important a safeguard. In both cases, independent experts evaluate key systems that ensure the integrity of the board and its organization as Federal grantees.

The compliance monitor would compare the stipulations in the grant, including the applicable laws, regulations and OMB Circulars, to the program administration and operations. Where exceptions are observed, the consultant would recommend changes to bring the board into compliance. At a minimum, the consultant would identify areas needing the attention of the board. The board can request technical assistance from DOL or direct staff to implement recommendations for correcting problems in compliance.

The importance of independent compliance reviews is increased in relationship to the number of Federal grants implemented by the board. Since many of the Federal grant requirements are similar across Federal agencies, independent compliance reviews allow the board to correct compliance problems before they come to the Federal agencies' attention.

Thus, one compliance review can prevent problems across several Federal grants.

B. Department of Labor or Other Grantors

In addition to collecting information within the framework of the reports described above, governing boards can make periodic contact with grantor Federal representatives. Contacts should be made openly with the knowledge and participation of the chief executive. On-site visits by the Federal representative, meetings or conferences, and telephone calls are occasions for keeping the board apprised of issues. The board then has the option of taking action to prevent problems, learn more about potentially risky situations, and generally monitor the tenor of its relationship with the Federal grantor.

*   *   *   *

CHAPTER 6

ACQUIRING RESOURCES IN A NEW ENVIRONMENT

SUMMARY

The current trend among Federal, corporate, and foundation agencies is to support integrated community collaborations. Termed *systems building,* this strategy for resource allocation seeks to create sustainable systems of services rather than add categorical programs to an already cumbersome community menu.

This trend has important implications for Section 402 grantees. First, they will need to look closer to home rather than Washington, D.C. to find resources. Second, they will have to form partnerships with community organizations, school systems, welfare reform projects, local workforce development boards, and other agencies with which they may have had little or no experience. Third, they may have to look beyond Government sources to find resources to fulfill their missions.

Acquiring resources today, and into the 21 st century, will require a new kind of strategic planning involving partnerships and collaborative ventures. Few programs will be able to survive as self-contained, autonomous operations. Sharing resources and building systems that connect with other programs and services are part of this new trend. The challenge faced by 402 grantees face is integrating the work they do within a larger systems framework.

I. New Funding Streams and Strategies

The standard list of Federal agencies that have been the primary sources of funds for 402 grantees is being replaced by more localized resource lists. Presented here are some of the most likely sources of local funding, but these will vary by area. Your challenge is to think of potential resources in a broader framework of partnerships and collaborations. What are the mutual benefits that can be created? How can your board establish the kind of reciprocal relationships with other organizations that lead to partnering in a "win-win" situation?

A. State Block Grants

Block-grant funding as it relates to employment and training is probably 1 to 1½ years away from being implemented. The importance of this change, however, should not be minimized, and boards should begin looking at how it will alter the funding landscape. This means that boards need to consider what new relationships must be cultivated to be in line for receiving benefits from future block-grant funding. For instance, what new

---

partnerships can be developed with local education agencies, job-training providers, Government agencies, or local businesses to become linked to potential recipients of block-grant funds?

There has been considerable discussion about the possibility that the U.S. Congress will approve State block-grant funding in several different areas. For example:

- In November 1997, block-grant funding was passed by the Senate for elementary and secondary education programs to go to local education agencies. This measure now needs to be passed by the House of Representatives, but it has been stalled in conference.

- The Careers Act, which pertains to Job Training Partnership Act (JTPA) block-grant funding, was not passed during the last session of Congress and will probably not be considered again until sometime this year. However, it appears that some form of block-grant funding will be approved for education and job training in the foreseeable future. When this occurs, it will give States greater flexibility in how funds will be handled at the local level. In anticipation of block-grant funding, States have already reconfigured service areas and established Workforce Development Boards shifting power for local decisionmaking to new entities.

Section 402 boards need to track this legislative process to understand how it will affect local distribution of funds, what flexibility it will allow to States in terms of regulations and requirements, and how it will impact accessibility of funds for local projects. When enacted, block-grant funds will be distributed to local States; they will then determine which State agencies, local administrative entities, or even private-sector organizations will be selected to administer these funds. States will be given general discretion in setting local regulations and requirements for these funds. The Governor's office will be the first point of contact for boards to learn what State policies and regulations will apply to these local block grants.

B. Empowerment Zones and Enterprise Communities

The Clinton Administration has pushed an agenda to revitalize economically depressed communities by providing comprehensive funding schemes to address multiple development needs. Empowerment zones are designated urban and rural areas that match criteria set forth by HUD. These criteria include high poverty levels, unemployment, and crime rates; substandard education; and a lack of adequate infrastructures for basic services and economic growth. Major grants of $100 million or more over

a 10-year period have been awarded to support comprehensive strategies for eradicating problems within these designated zones. Enterprise communities constitute a second tier of awards (somewhat smaller) granted to communities that partially matched the HUD criteria but did not qualify as one of the limited number of empowerment zones.

The "Empowerment Zone and Enterprise Community" approach is designed to create synergy for change in communities and is based on activity in four principal areas established by HUD: (1) economic opportunity, (2) sustainable community development, (3) community-based partnerships, and (4) strategic vision for change. The first priority is the creation of economic opportunities that include jobs and work for all residents. To accomplish this priority, attention must be given to job creation within the community and throughout the region, to provide a foundation on which residents can become economically self-sufficient and communities can revitalize themselves. Job creation includes opportunities for entrepreneurial initiatives, small business expansion, and training for jobs that offer upward mobility.

Economic opportunity, created through economic development, can only be successful when it is part of a coordinated and comprehensive strategy that includes physical as well as human development. This broader strategy is identified as "sustainable community development" including activities that lead to or support safe streets, clean air and water, secure housing, accessible human services, and lifelong learning. The HUD initiative seeks to empower communities by supporting plans that coordinate economic, physical, environmental, community, and human development.

Section 402 boards should consider how to become community-based partners in empowerment zone and enterprise community initiatives, especially in areas where former migrant and seasonal farmworkers have permanently settled. Empowerment zones and enterprise communities emphasize coalitions composed of community residents, resident associations, businesses, religious partners, nonprofit organizations, Government agencies, and other stakeholders.

C. One-Stop Centers and Other Integrated Community-Service Systems

Another development in recent years that 402 boards need to study is related to the Clinton-Gore concept of "reinventing Government." A major initiative has been launched to integrate Government and community services to create a "customer-friendly" service environment for local community residents. Rather than having to go from agency to agency to access services, residents are increasingly able to obtain multiple services in new "one-stop centers."

For instance, representatives of human services, health, employment, job training, and other government/community services are being housed in a single location. Intake systems are being integrated so that service recipients are required to fill out only one form used by all service agencies. This significantly simplifies the process of applying for and receiving various Government and community services.

Integrated community-service systems are beginning to develop "unified case management" that reduces paperwork and duplication of efforts on the part of service agencies, and that provides a better management system for delivering and tracking services. These kinds of changes also require agencies and service providers to work more closely in partnership arrangements that benefit the public. For example, "one-stop capital shops" have been created to bring together financial institutions, small business bureaus, entrepreneurial programs, educational institutions, and others to support economic development in local communities.

Section 402 boards need to understand the impact that one-stop centers and integrated community services have on the ways they conduct board business. Strategic plans should reflect the new possibilities these developments offer for achieving goals such as creating greater accessibility of services for community members. Boards can become working partners with local one-stop centers to help coordinate recruitment and other initiatives related to the migrant and seasonal farmworker community.

D.   Education Resources

Boards should be aware of a number of education resources available at the local level for serving the migrant and seasonal farmworker community. Public schools and postsecondary institutions receive Federal funds that require States to serve all population segments within their jurisdiction. It is desirable to track programs based on these funding sources to ensure that the community is receiving its full benefit. A few of the most important funding sources and initiatives are listed below.

- **Title I** (Federal Aid for Math and Reading) distributes approximately $7.5 billion to States according to population and demographic characteristics. Subgrants are allocated to States to serve migrant and seasonal farmworkers under Title I-Migrant funds.

- **Goals 2000** (a Federal initiative for improving education standards) involves States in strategic planning and evaluation to find ways to ensure that all communities are brought up to high standards with methods for improved student performance.

- **School-To-Work Opportunities Act** has established programs in every State to promote partnerships between schools and employers that build opportunities for students to participate in career exploration and employment development while they are still in school.

- **Title VII** (bilingual education) assists students who come to school speaking a dominant language other than English.

- **Adult Education and ESL** (English as a Second Language) are programs to provide alternative education courses to assist students (both youth and adults) in acquiring basic skills for academic success.

- **Project TRIO and Upward Bound** are higher education programs designed to assist students who require additional academic skills to become successful in college and other post secondary programs.

- **Charter Schools**, created through Title X of the Improving America Schools Act, received almost $51 million in 1997, and President Clinton has requested an increase to $100 million for fiscal year 1998. Charter schools create an alternative form of public schooling, designed to give significant autonomy to individual schools and, in turn, to hold those schools accountable for results. A charter is essentially a contract between individuals starting the school and the official body authorized to approve the charter. State law determines who can receive a charter, entities that can approve/grant a charter, procedures for applying, the number of charter schools permitted, the duration of charters, fiscal and legal autonomy, and other accountability factors. Charter school laws vary significantly from State to State, creating very different landscapes for charter school development.

  Charter schools provide laboratories for educational experimentation tailored to the particular circumstances of local communities. Preliminary findings indicate that half of the charter schools operating during 1994 and 1995 served at-risk youth.

Information regarding the above programs and funding sources can be obtained from State education agencies, Governors' offices, public schools, and local colleges and universities. It is a good idea to chart graphically what programs exist in your area, what regulations and requirements apply to each program, and the numbers of individuals who benefit. This kind of

information can be used for tracking opportunities for community members as well as advocacy initiatives.

Tracking information can also be useful in exploring potential partnerships with educational institutions and nonprofit organizations that may qualify for funding. Boards can become involved in helping to coordinate other services to support student participation in education programs, including health services, child care, transportation, social services, employment services, and so on.

E. Foundations and Endowments

Foundations and endowments are active supporters of initiatives in education, business development, environmental protection, humanitarian aid, and many other socially beneficial activities. It has become more prevalent in recent years for foundations and endowments to invest in programs that involve partnerships and multiple stakeholders, to ensure a greater probability of success and to get a better return for dollars invested. Just as the initiative for "reinventing Government" hopes to create greater efficiency and productivity for dollars invested in Government/community services, so do the efforts of foundations and endowments. Therefore, individual programs have moved toward forming partnerships that can serve to leverage funding from these sources. Being part of an integrated system helps programs to work more efficiently in providing key services within a larger community context.

Section 402 boards should consider what kinds of partnerships make sense within this context. If you are interested in business development within the migrant and seasonal farmworker community, for example, how can this goal be pursued through a partnership with organizations representing other communities? The same can be said for education or other issues the board wishes to pursue. Chances for receiving foundation or endowment support will increase in proportion to the collaboration involved.

Suppose a board is interested in finding ways to support career development for migrants that capitalize on skills already existing in the migrant community. Many migrants have gained abilities in auto mechanics due to the need they have to repair their vehicles. They have also gained skills in carpentry, plumbing, and electrician work, but they have no certification for these skills that will get them employment. How can the 402 board convince local car dealerships or industrial trades organizations to hire migrant workers? First, some kind of partnership will be necessary to work toward alternative skills certification that will be acceptable to hiring organizations. If several partners, including hiring employers, put together a proposal for a special certification program, a stronger argument would exist for foundation involvement.

II.   Fundraising Options and Responsibilities

A.   Preliminary Considerations

There are three important aspects of fundraising that are not related to direct activities of raising money.

- **Being a Guardian of the Public Trust**—Fundraising, whether it amounts to money or donations of goods and services (in-kind contributions), places the nonprofit organization's board of directors in the role of the caretaker of specific resources, usually given under specific rules and as a matter of public trust. The rules or conditions under which the resources were given must be followed according to the exact requirements stated. If the board raises money at an event for a building fund, then all money collected at the event must be used for the building fund. Likewise, if the board is administering a Federal grant, the board must follow the Federal agency's rules and regulations that determine how the money can be spent. Needless to say, your accounting system should meet generally acceptable accounting standards, that are covered in the Office of Management and Budget (OMB) Circular A-122, "Cost Principles for Nonprofit Organizations."

- **Complying With Governing Laws and Statutes**—Raising money requires the board to comply with State and local laws governing solicitation of funds from the public. The Internal Revenue Service also has rules about activities appropriate for nonprofits. In addition, Federal grants have rules about the use of grant funds to raise money for the grantee.

- **Observing Cost Restrictions**—The cost of raising funds (i.e., the money expended to raise money), should never exceed the amount raised. Some States set limits of 25 to 50 percent for fundraising overhead. This overhead is both a legal and ethical issue for nonprofits. Givers want to know what percentage of their donation is actually used for the organization's work, rather than paying for salaries and fees of consultants and contractors employed to raise money.

B. Grant Applications to Federal and Other Government Agencies

Government grant applications can be "unsolicited" or, more typically, in response to a formal request, usually known as a Solicitation for Grant Awards (SGA) or a Request for Proposals (RFP). Unsolicited grants are sometimes awarded under special circumstances when an organization has successfully marketed an idea or service to a Government agency. These are idiosyncratic events for which there are no particular strategies and, therefore, will not be discussed here. SGAs and RFPs—infamous for their forms and requirements for detailed information—do follow standard procedures. This section offers advice on raising money by responding to SGAs and RFPs.

- **Identifying SGAs and RFPs**—SGAs and RFPs must be advertised to the public, but the advertisement media are not usually ordinary newspapers or publications. Notices of Federal grants are published in the *Federal Register*, made available by State agencies. State and local grants will be advertised as well, or they will be mailed automatically to a predetermined mailing list. The Internet, at the address www.gov.com, is another access point for such announcements. Public libraries have a Federal and State document section that can be checked. Learning about Government grants requires some investigation or continued contact with agencies likely to offer grants in the areas of your interest. Keep in mind that Government grants have deadlines. Finding notices of the solicitation in ample time to prepare a proposal means that you have to constantly monitor the above sources.

- **Learning What Is Required**—SGAs and RFPs are a popular form of fundraising and represent a substantial source of funds for nonprofit organizations. However, they usually require a solid understanding of the laws and regulations that govern the activity, service, or program described in the solicitation. In addition, budget forms in the application packet use a particular definition of costs categories that may not be synchronized with the board's accounting system. Program report requirements may demand special knowledge. Consequently, success in applying for a Government grant is often contingent on prior experience with the Government agency or hiring someone with such experience.

Even this knowledge does not always prepare the proposal writers to anticipate altogether what the Government is seeking. Bidders' conferences or conversations with pertinent officials are useful to clarify points in the solicitation or the accompanying regulations.

•   **Matching Requirement to Gain the Award**—Even when you find a Government grant that addresses your problem, an SGA/RFP may make assumptions about the solution to a problem that may not agree with your preferred solutions. Writing grants, particularly competitive grants, can force a board into projects that deviate from its mission, or in other ways are incompatible with the community vision.

A Government grant application usually follows three steps: (1) ordering the application, (2) completing the forms and any required narrative, and (3) final negotiations. The last step only occurs when the formal application has been judged acceptable for a possible award. Before the grant award is made, the Government representative may want changes made in the proposal, including clarifications and/or additional information. These final adjustments, if made satisfactorily, usually lead to an award. Sometimes the finalists in a competitive bid will all enter into negotiations with only the best offer (or bid) being awarded a grant.

C.   Foundation and Corporate Grants

By comparison, applications for grants from private foundations and corporations are easier to submit. They usually require less paperwork and red tape. They do not entail specialized knowledge of laws and regulations. However, they will insist on compliance to their criteria that relate to the foundation's or corporation's established approach or mission. Corporations and foundations generally operate in a similar mode for grants. Olec and Stewart, authors of *Foundation Grants Index*, estimate that about 7 percent of the proposals submitted to foundations are funded. The percentage of direct grants from corporations is also very low.

Foundation Grants Index provides a listing of available grants through foundations. They usually prefer a brief written request, sometimes in the form of a letter, to which they will respond with more specific requests for information. They may want you to develop a concept paper, if needed. In addition to describing your organization, the project, and how the foundation's money will be used, you must provide documentation of the legitimacy of your organization—the Federal identification number, date

and place of incorporation, certification of nonprofit status, and a copy of a recent financial statement completed by a certified public accountant.

D.　　Fundraising Events

Raising money through the sponsorship of an event is another common method for fundraising. A dance, golf tournament, show, auction, sale, or other event that would attract the public is not only a source of revenue for the board, it is also a good way of making the public aware of the project, the organization, and its mission. Fundraisers have succeeded in making people aware and sympathetic with causes even when they did not participate in the event. A note of caution: Check with State officials to determine if there are any prohibited fundraising activities.

Such events raise money from the excess revenues after all costs of the event are paid. If the excess revenue is thought of as "profit," the objective is to sell items for more money than they cost, and the difference creates profit for the organization. In order for a fundraising event to make money for the organization, it must take in more money than it costs. Many a successful fundraiser fails to make a profit even though the event may be popular with the public. There is the risk that the fundraiser will lose money if fewer people attend than anticipated.

For that reason, fundraising events must be planned and implemented by experienced people who know how to promote and run the event. Experts known as "fundraisers" are available to consult with nonprofit organizations. Sometimes they will work for a contingency fee or percentage of the net revenues generated by the event. This arrangement needs to be examined carefully to determine the level of risk involved.

The adage, "It takes money to make money," applies to fundraising events. Unless your board can persuade corporations to donate goods or services to reduce the cost of the event, realizing much money entails considerable investment of your resources at the risk of high losses if the event fails.

E.　　Soliciting Donations

A relatively safe method for raising money is through solicitations, either independently or as part of a group such as United Way or United Campaign. As an independent effort, telephone (telemarketing) or direct-mail campaigns are standard approaches. In both cases, you will need a list of potential contributors, contact information, and resources to make your appeal. Also, State and local governments are passing new laws to protect the public from deceptive practices on the part of solicitors, Any solicitation, either by mail, telephone, or person to person, probably requires registration and rules designed to protect the public. Check with

your district attorney's office to learn what laws apply to your solicitation plans.

- **Direct Solicitations**—Direct solicitation starts with a list of potential contributors. A customized list can sometimes be purchased or obtained from another nonprofit with a similar constituency. For example, if your cause relates to natural resources conservation, you might obtain the list of contributors from another conservation group on the assumption that people who contribute to one would contribute to the other. Be aware of any concerns about competing for resources that may arise.

  The best list is one that you develop from people who have contributed in the past, attended one of your events, or are identified by board members. A good place to start is to ask board members to submit a list of friends, coworkers, and other people they know. Board members' names are used in conjunction with the appeal to their referrals as a means of gaining entree to the potential contributor. About 5 to 10 percent of solicitations to "friendly" names results in donations. Only about 1 to 2 percent of solicitations to a "cold" list results in a donation.

  Once there is a list, telemarketing can be done by trained volunteers from home, assuming that the calls are local ones at minimal expense. However, getting pledges is not the same as getting donations. Forms and envelopes to collect the pledge must be mailed.

- **Direct-Mail Campaigns**—Most nonprofits find direct-mail campaigns more feasible. In this instance, the message and how it is presented are critical to the success of the solicitation. For this reason, celebrities or well-known figures are often asked to sign the letters, thereby making an endorsement or personalizing the message. If no well-known person is available, the presentation of your message can be enhanced by testimonials from beneficiaries or members of the board. The message and its presentation are critical and may require the assistance of a professional writer or graphic artist.

- **Shared Campaigns**—Soliciting donations as part of a larger group of organizations is usually more successful because the members of the campaign share the cost of promoting and administering the campaign. The best known shared campaign for donations is United Way. United Way requires that the nonprofit be well established in the community with a track record before it can join the campaign. In addition, the organization must keep its administrative and fundraising costs to less than 25 percent of its income. A predetermined percentage of any donations made to the shared campaign is used to defray United Way's cost of promoting and administering the campaign. Furthermore, membership in United Way restricts the nonprofit board's independent fundraising options.

F.   Sponsorships

It is possible to support the entire cost of a project through sponsorships. This is an arrangement whereby sponsors underwrite the cost of the project, or some portion of the cost, in exchange for recognition. Recognition is usually for the purpose of good public relations (although sponsors can be found who support worthy causes with no other motivation than to do good). An example of good public relations is the Ronald MacDonald House for families of hospitalized children, which is sponsored by the MacDonald's fast-food chain. Image building is a powerful motive for sponsors. The trick is to find a sponsor for whom your project will represent an improved public image or reinforcement of one that is already positive.

Even without the help of luminaries and public figures, your project can benefit from sponsorships. Just as local businesses sponsor Little League baseball teams, so might local corporations or community stores and businesses sponsor portions of your project. Business/corporate sponsors are viable sources of help in fundraising, space, or money for youth recreation, prizes for raffles, home rehabilitation supplies, mentors for gang members, or the underwriting of training equipment and instructors to train farmworkers for new jobs.

The downside of sponsorship is that the links it creates between the sponsor and the board may not be in the project's best interest in the long run. Your affiliation with other corporations is a double-edged sword. You may go down with the sponsor if its reputation or image is tarnished, so consider character and reputation carefully.

For this reason, many nonprofits avoid aligning themselves with a particular political party or organization that has divided the community, even when they are sympathetic with the other organization's views. Only when siding with a controversial sponsor offers overwhelming benefits is the risk of alienating significant members of the community worth considering as a fundraising strategy. If this strategy is selected, it is important that a board weigh all the costs that may be incurred, as well as the potential benefits.

*   *   *   *

CHAPTER 7

CREATING PARTNERSHIPS TO
INCREASE RESOURCES

SUMMARY

Boards of nonprofit corporations governing Section 402 grants can increase the resources available to serve farmworkers by setting up partnerships with other organizations. This is desirable when pursuing funds earmarked for collaborative ventures or simply to combine agency resources to serve a disadvantaged population. Interagency cooperation is not a new concept; however, "systems building" through collaborative partnerships is. In either case, the 402 board may expand its membership to include representatives of other agencies or may be represented as a member of other boards that govern the partnership. When boards include representatives of different organizations with similar missions, conflict of interests is natural. This chapter explains the types of partnerships, how to build them, and how to control conflict of interests among agencies serving on governing boards.

I.   Systems Building Through Collaborative Partnerships

Systems building is accomplished by linking community resources in new ways to restructure clients' access to services. In this way, redundancy and waste can be reduced while more comprehensive services are created. By restructuring and combining existing resources, such as what is happening with Empowerment Zones, Enterprise Communities, Youth Fair Chance, Kulick and other grants, communities are inventing new ways of doing business that will leave a legacy of organizational change and renewal.

Partnerships among agencies and organizations are essential elements of systems building. Partners can choose to cooperate or collaborate to improve service delivery or attract potential funding sources. Organizations may choose to join a community coalition or agency network to qualify for resources from State Block Grants, Empowerment Zones, or other funding magnets.

A.   Should 402 Boards Cooperate or Collaborate With Partners?

Cooperative Partnership

The most prevalent partnership is a cooperative one wherein partners agree to work together in pursuit of common or complementary objectives. A *cooperative partnership* requires only that the partnering agencies share a

---

common goal and coordinate their activities in pursuit of that goal. An example of this type of partnership is the State Employment Security Commission (SES) sharing its job-search resources with the Private Industry Council (PIC) to help the Job Training Partnership Act (JTPA) participants get jobs. By coordinating their job-search activities, the two partners hope to achieve a common goal of employment for selected unemployed persons.

In a cooperative partnership, organizations do not change their rules, regulations, or the services they provide. A cooperative relationship is distinguished by mechanisms that link programs and services so that information and forms are shared, staff are co-located, or procedures are varied to accommodate partner agency needs. The primary benefit to clients is easier access to services. One-stop centers typically demonstrate cooperative partnerships.

Collaborative Partnership

Less prevalent, but increasing in number, is the *collaborative partnership*. A collaboration among partners also pursues a common goal, but differs from the cooperative partnership in that it requires joint investment of personnel and institutional resources to achieve the goal. Each partner contributes new resources, changes its respective rules or policies, and accepts responsibility for its part in accomplishing the goal.

A collaboration implies that organizational representatives have the authority to make changes to create a new system or set of systems for providing services. It is this feature—the degree of organizational change—that clearly distinguishes cooperative partnerships from collaborative ones. Collaborations are basic to a systems building process. Where the project or initiative sets a goal of systems building, cooperative partnerships are highly unlikely to bring about the changes needed in the service delivery system.

Analyze Pluses and Minuses of Different Partnerships

Most existing partnerships are cooperative in that partners agree to follow a strategy to work together, but there is little or no change in how the organizations function or apply their resources. Collaborating partners represent a greater investment in the common goal and are, consequently, more vested in the governance of the collaboration. The implications for the board are threefold:

- Participation levels for collaborating partners tend to be greater than for cooperative partners. That is, attendance at

meetings, preparation for meetings, and interest in staff reports will be greater for collaborating partners.

- Collaborating partners will want written agreements that describe their involvement in the project.

- Collaborating partners will be represented by higher ranking members of involved organizations than will cooperative partners.

One of the reasons systems-building initiatives often fail is because of the type or quality of partnership pursued. Cooperative partnerships are easily made and easily lost, because they seldom represent any significant investment by the partners. However, it is important to note that cooperative partnerships are a good starting point for organizations that are not willing to make very many internal changes or substantive investments in the project goals. The hope is that cooperative partnerships will lead to true collaborations whereby lasting, interagency systems can evolve.

The board that governs the partnership must be clear about which kind of partnership is operating. Failing to distinguish between the cooperative partner and collaborative partner can lead to unachievable expectations, confusing inter-organizational dynamics, and a board that cannot make decisions about project strategies or self-governance. In cases where the board does not govern the partnership, but is only one stakeholder in a larger partnership umbrella, the same fundamental principles apply.

B. Partner Self-Interest: A Building Block For Collaboration

The basis for a good partnership is the expectation of meeting partner self-interest.

As members of other formal governing bodies, partners bring to the board their own organizational cultures and agendas. The partnership mix of organizations can produce a new community group with an exponential increase in power and impact. It can also lead to a self-destruct pattern, as the group expends its energy and resources in endless conflict, sabotage, and intrigue. Self-interest is a legitimate ingredient of the partnership. Denying that your partners have any self-interest in joining the group is naive. Denial sets the stage for conflicts of interest later down the road that could, in many instances, be prevented if they had been addressed head on from the beginning. Even more importantly, ignoring partner self-interest takes away an effective tool for building a strong, enduring

collaboration. The tool that is lost is precisely the partners' self-interest that is being ignored.

Partners are more than mere members of the group. Their organizational support may be essential for the board to achieve its mission. In some instances, the partnership involves no transfer of money, but in all cases a partnership, by definition, requires some concessions to be made by each partner to achieve a mutual goal or objective. Forging partnerships is first an act of blending self-interests, not ignoring them. A community group that can create win-win strategies among partners is ensured of an enduring and sustainable partnership.

The steps in the process of building good partnerships are straightforward. Partners should present a candid projection of what they hope, as an organization, to get from the partnership. These projections could be opportunities for expansion, new clients, community credibility, staff positions, indirect costs, and so on. Each organizational agenda is compared to the overriding vision, mission, and goals of the board or governing agent of the partnership. Where are the mutual advantages and benefits. How can each organization benefit so that the whole group will benefit?

Assess and Plan for Partner Self-Interest

Two critical steps must be taken to ensure that partner self-interest becomes a positive driving force in achieving success.

Step One: Assessment of Partner Self-Interest—The board should always assess potential partners' self-interests as a first step in building a partnership. You must know as much as possible about what these are and to what extent they complement or match the board's vision. If the potential partner is a well-established group with its own vision, present the board's vision to that partner privately and explore what a win-win strategy might be.

A win-win strategy is one in which no party can win unless the other wins. For example, gaining credit for the accomplishment of a partnership goal is something that one partner cannot do unless all do. However, competition among partners for financial support for complementary projects may constitute a win-lose strategy. One partner can only receive funding if money is taken from another partner, since there is a finite amount of money. Win-lose strategies are common and deteriorate quickly into lose-lose strategies, such as: "If I can't get what I want, then I will see that the other partner doesn't either." It is vital to recognize respective partner needs and build a common strategy to satisfy the needs of all who join the partnership.

Step Two: Planning For Rewards—The challenge is to find a common goal that, once achieved, rewards all partners. It is for this reason that having a shared vision and goals for the project is so critical to the effectiveness of organized community groups. Partner self-interest is not ignored, but is used instead as a basis for inclusion in the group. In other words, after careful assessment of partner needs, the partners must create a plan based on a common vision and goals that will seal the partnership by guaranteeing rewards for partner self-interest.

When Agencies Are Not Partners

Agency representatives may bring their organization's name to the group without being partners. Such members of the groups are valuable because of their intrinsic worth and the information they bring, but their role will not be as partners.

Screening for self-interests that benefit from the accomplishment of joint missions and goals is critical to the formation of partnerships. This screening can be used to establish criteria for admission to the partnership. The concept of selecting partners based on their meeting certain criteria, rather than on a basis of who merely wants to be part of the group, helps ensure a win-win strategy. A board or group of partners may include agency representatives who are partners and others who are not as a result of applying such criteria. This is a shift in traditional policies on board membership.

II. Conflicts of Interest Among Partners on the Board

If 402 grantees seek partnerships to implement their projects, they must decide how those arrangements will affect the board and its governance. Do board members all need to be partners? Can partners be part of the board as nonvoting members? Do partners represent some of the membership, but not all? It is also possible for organizations to serve as agents of the board via contract or other written agreements with no board membership involvement.

If partners are voting members of the board, the group is vulnerable to conflicts of interest and must have methods for preventing and resolving inherent conflicts so that they do not distress or damage the partnership or the group's work.

A. Bylaws

The board can establish bylaws that control for conflicts of interest. The most direct method is to write rules that spell out how conflicts will be

prevented or resolved. For example, most boards and councils have bylaws that call for the following rule to be followed:

Members of the group cannot vote or lobby for any decision that could benefit either themselves, their organization, or their family.

This straightforward rule is simple to express, easily understood, and easy to implement. Although the group may debate what degree of kinship constitutes a family member, the meaning is clear and any needed clarification can be made. To provide teeth in this rule, the group may elect to add a penalty, such as dismissal from the group, for any member who fails to disclose a known conflict. These steps will greatly reduce conflict of interest and the appearance of such a conflict.

B. Professional Arbiters and Mediators

The second option is to resolve differences through the use of a third-party arbiter. The third party must be someone whom all partners will respect as wise and unbiased. If no such person can be found, professional mediators can be used. Any attorney can refer the group to a professional mediator whose fees will be offset by avoiding corrosive conflicts. Before calling on the services of a mediator, however, every effort should be made to resolve the conflicts within the group.

For example, one nonprofit board learned the hard way the value of calling in an arbiter as a third-party mediator. After many battles stemming from either conflicts of interest among partners or the perception of such, the council agreed to the following procedure: A representative of each conflicting position meets with the arbiter to present conflicting arguments. The arbiter's decision is binding on the entire group. The conflict must be resolved within 30 days of the dispute to limit it as a distraction from other work of the group.

C. Prior Written Agreement

Boards can enter into a partnership agreement that sets out how differences will be settled. This option requires each partner, as a condition of becoming a member in the group, to enter into a written agreement that specifies how disputes will be resolved. Written agreements of this type are common to many business partnerships. Office supply stores may have forms that will suffice as simple legal agreements. A written agreement sets out a procedure for settling each type of possible dispute. For example, many disputes may be settled with the toss of a coin, while others require each partner to choose from a range of compromises. The agreement is an attempt to be prescriptive for ordinary conflicts that

experience shows can be anticipated. For each anticipated conflict, there is a prescribed course of action.

The disadvantages of this option are not being able to anticipate all specific kinds of disputes, and the difficulty of creating a solution in advance and then articulating it in the form of a written agreement. This option works best where there has been extensive experience and established trends in partner disagreements and their solutions are well known. For new groups, an almost psychic quality is needed to make this an effective remedy for conflicts that may arise.

The reason for using these options is to move quickly from a potentially destructive set of behaviors to constructive ones. Even while procedures for resolving conflicts are being put in place, energy may be lost to the project as partners stew and fret about the outcome of the conflict.

D. First, an Ounce of Prevention, Then the Pound of Cure

When conflict and bickering become the dominant pattern in conducting board business, it is time to move beyond prevention measures and consider what cures can be found to restore board meetings to a healthy state. The following suggestions are based on the collective experience of boards that have confronted this issue.

Disarming Disputes—During meetings, a good facilitator can redirect negative energy into a constructive activity by assigning the disputing parties to tasks not related to the dispute. The more tension there is, the more important it is to find an outlet, because tension is both mentally and physically distracting. Working on an unrelated task gives the distressed partner an opportunity to release any built-up anger and frustration. New work also provides opportunities for recognition and appreciation, especially since loss of face is a frequent by-product of conflict.

A strong facilitator, usually the chair, is critical to keeping conflicts from dividing members of the board during meetings. Confrontational meetings alienate bystanders and, consequently, curtail interest and support for the board. As you may be aware, it has caused farmworkers or client representatives to hesitate in participating at board meetings, or even cease to want to remain as members of the board.

Independent Counseling—Private counseling by neutral parties is another way to ease the distress of conflict within the group, either before or after the conflict is resolved. Some people thrive on conflict and will seek it out. They are contentious and confrontational in their interactive styles. If a partner fits this description, frank discussion may be one way to help him

or her understand the destructive effects of this style on the group. Without judging the merit of the partner's point of view, focus the discussion on how the partner has conveyed his or her complaint.

Eliminating Conflicting Parties—If conflicts among partners are chronic and ongoing, it may indicate the need for one of two actions: (1) the group needs to be restructured to eliminate partners from positions that enable conflicts to arise, or (2) individual partners need to resign because of their disruptive effect on the group. These are difficult decisions to make. Everyone dislikes confronting a partner at the risk of damaging important political, personal, or group relationships. However, the risk is even greater that an ongoing conflict will never be resolved, because the issues are too deeply embedded in the character of the individuals or the agenda of the organizations they represent. When normal methods do not address the problem of conflicts, it is best to save the group by eliminating the contentious agents within it. Even when sacrificing important resources for a given project, experience has shown that nonprofit boards harboring chronic conflicts are seldom effective in the long run, and damaged relationships will occur anyhow.

III.   Sustaining the Partnership

Partnerships need a healthy structure to make them thrive; this means not only a method for resolving conflicts, but a strategy for sustaining positive energy and motivation. A common mistake among community groups is the notion that a smooth working partnership will continue as long as conflicts are prevented or quickly resolved. We can compare partnerships to automobiles. Getting them started and moving down the road does not guarantee that you will get to your destination; automobiles may require steering, additional fuel, and maintenance.

A.   Reinforcing Partners

Rewarding partners is the work of all partners. A win-win strategy requires that everyone wins when anyone wins. Partnership awards should be built into the group's strategy. However, it is necessary to check to see if that is a continuing reality for the group. Circumstances change and the benefits of the partnership may not continue to fall equally on all partners. Every partner has a responsibility to see that fellow partners are benefitting from the overall strategy. A mutual concern for each other is contrary to the typical win-lose strategy and may need practice and encouragement.

The group must assume the responsibility for assessing and distributing rewards of the partnership. This can be done informally at meetings by having "partner reports" as a matter of routine business. When a partner expresses dissatisfaction with the system of rewards (i.e., expected rewards

are not being realized), it is time to revisit the win-win strategy and make adjustment to remedy the situation.

Sometimes rewards are slow in coming. The project may take a long time to develop organizational benefits.   It is not necessary to wait for a major accomplishment to share credit and recognition. Positive feedback in the form of reports and good press is an effective reward for hard-working board members. Many groups include some evaluative reports as a routine practice. Partners are given credit for their efforts through highlighting of interim objectives that are accomplished. Shared credit is an even more potent reward when it is publicly acknowledged—e.g., through the media, at special events, or during board meetings.

Resist the tendency to think of publicizing partner contributions as too much trouble or not necessary. The power of praise and appreciation is too seldom used among community groups who depend on volunteered time from board members even to exist. Public recognition to reward partners is also a good way of making the community aware of a project and the group's overall mission. Such recognition also makes the partnership role more attractive to potential new partners, while it also establishes the group's association with established community organizations. As one is known by the company one keeps, community groups are known by their partners.

B.   Cementing Bonds Among Partners

Trust

Partnerships can exist without trust, but they are extremely difficult to maintain and not much fun to share. Partnerships are rewarding in and of themselves when there is a bond of mutual trust and respect. This does not come easily among agencies normally competing for local funding, following divergent philosophies, or whose missions are not always compatible. For example, Youth Fair Chance Projects, which provide comprehensive services to economically and educationally disadvantaged youth, strive to partner with local school systems. School systems are currently in a state of crisis over their failure to meet community, State, and national expectations. As a partner under constant attack, schools find it hard to trust employer organizations and youth-serving agencies that have been among their critics but are now their partners.

The best approach is to start the partnership by airing feelings of distrust and suspicion in a safe environment. Every organization has its "horror stories" and should be heard at a facilitated retreat that provides a safe

venue for putting on the table all of the trust issues that can thwart partnerships.

There are a number of good exercises for building trust among groups while teaching interactive skills that help partners relate to each other in a nonjudgmental way. Team-building exercises come in many forms. A weekend retreat that allows partners to build trust relationships, away from the ordinary environment that seems to reinforce distrust, is essential work for partnerships. This is especially true for partnerships with histories of conflict or contention.

Integrity

Unimpeachable integrity is an essential ingredient in the formation of trust within a group and among partners. Even the slightest breach of honesty and fairness in the way a meeting or business of the group is conducted can destroy trust. The conduct of board officers and executive staff must always remain above reproach, with no favoritism displayed or implied by their behavior or formal actions. Cronyism among staff or officers and selected partners opens up possibilities for distrust to build. For this reason, it is imperative that board officers and executive staff are not influenced or persuaded by their feelings toward partners. Undue friendliness or reserve is inappropriate and breeds distrust among all partners—even the ones who stand to benefit.

C. Sustaining Good Communications Among Partners

Many otherwise good partnerships unravel over time because of mis-understandings that grow out of poor communications. No communication, of course, is the most obvious example of poor communication. You may want to use the following tips for ensuring good communication among partners.

Tip 1

Provide partners opportunities to communicate directly on a one-to-one basis. This can be done at group meetings or special meetings with the purpose of informal discussion of issues. Special meetings have the advantage of affording some privacy for frank discussion about issues and problems. A tone can be set to encourage informal exchange and fellowship to strengthen partner bonding. Serve food, offer prizes to the "blooper" of the month, or take time to look at future plans.

Tip 2

Make sure that written reports chronicle significant events, including problems discussed and problems solved, and are circulated to all partners. This provides a reference for factual information for management purposes. Make sure that all partners' needs for management information are being met and are understood correctly. Do not assume that reports are perfectly clear because they are clear to the author.

Tip 3

Establish operational definitions for terms commonly used to discuss the project. Your partners may have conflicting lexicons—a potential cause for miscommunication. For example, "termination" is a term used by JTPA to mean anyone no longer enrolled in the project and eligible to receive services. Termination among employers usually means dismissal or being fired. Can you imagine the possible confusion when a JTPA job developer asks an employer to hire a former JTPA participant who was recently terminated from the program?

Tip 4

During meetings or discussions of any kind with partners, the chair should paraphrase and summarize what was said. This is especially vital when discussing agreements, assignments, or plans. Get in the habit of restating the content of important messages to ensure that they are being heard similarly by everyone. Minutes should be kept for all scheduled meetings, including committee meetings.

Tip 5

When particular partner relationships are tentative, or when miscommunication is frequent, someone can act as an information courier, checking each partner's understanding of transactions in question. When a partner seems to have trouble communicating with others, explore with this partner why this happens and what can be done to improve communications. Poor communication can also be a way to deny what was said. If a partner seems consistently to reinterpret what others say, the group may need to isolate that partner to limit damage that can be done to the effort as a whole.

Tip 6

When communication among partners faces logistical barriers of distance and time, look for ways that partners can be networked via teleconferences or on the Internet. All partners have access to

telephones, and the availability of personal computers (PCS), and access to the Internet is increasingly common. "Chat rooms" or Internet Web sites can be set up to allow partners to talk or share information. Partners can also use PCS to transfer agency reports or files of interest.

Tip 7

Some types of information lend themselves well to a newsletter, which does not need to be fancy or involve graphic artwork. It can be a printed document with headings that summarize new information of interest for all partners. This newsletter will help everyone stay informed of issues and progress between meetings. Circulating a newsletter is a useful way to inform staff of the partner organizations about what is going on, announcements of upcoming events, and other facts of mutual interest.

D.   Discovering Communication Problems

It is important to discover communication problems before they become destructive. Be constantly alert for signs of such difficulties. You know that communication problems exist when partners do the following:

- Express surprise to learn of events that happened in the past.

- Miss deadlines or meetings.

- Seem confused about information in reports, or ask questions about information given to them earlier or discussed earlier.

- Require several exchanges of information to get clarification on an issue.

- Complain about not being kept informed, or incorrectly describe or refer to information.

These can also be signs of other problems. When in doubt, ask "Are you sufficiently well informed about the partnership and events involving the partnership?" If you are communicating well, the partners will let you know.

E.   Clarifying Partner Roles

Over time, partner roles may shift, either as a subtle response to an unmet need or as a matter of group consensus.   Roles may change as a result of line staff finding a better way to get project work done.   To sustain the partnership, roles need to be clarified periodically, not only to prevent confusion within the board membership, but also to formalize roles that have been assumed informally without knowledge or consent of the group. A competent executive director should know when partners are working outside their assigned scope of work and should draw this to the attention of the group.   These incidents do not necessarily indicate anything wrong, but any variance from the plan should be acknowledged and reconciled.

Failure to clarify roles can leave partners adrift at sea, not knowing what they should be doing since they are not doing what they said they would do.   This, in turn, opens the door for criticism, crossed communications, and ill will.

F.   Changing Partners

Partnerships change as circumstances and needs change.   Accomplishing work goals is a learning process that sets the stage for setting new goals, different processes, and additional work.   Projects may be redesigned to fit better the resources that partners bring to the group or to respond to an improved understanding of the problems being addressed within the common vision and mission.   This is called building a "learning curve" that continues to inform the planning process with new information and inevitably influences ongoing roles and responsibilities of the partnership. Some partners may choose to leave the partnership when conditions do not favor a leadership role for them, while others accept lesser roles.   Changes in the partnership need not be traumatic or interpreted as an implied failure. If trust and bonding among partners have been strong and planning decisions were made objectively around a shared vision, changing roles can be viewed as part of a healthy process.   The planning process itself can be a powerful force for forging a successful partnership if the following rules are followed.

Rule 1

Make decisions on the basis of facts that are well documented and have face validity.

Rule 2

Give partners permission to express their commitment to agendas other than those shared with the partnership, so that those agendas can be considered as the focus of a win-win strategy.

Rule 3

Respect and value partners' ideas as full participants in a creative process to accomplish a shared goal.

Rule 4

The new plan should inspire commitment and generate excitement about the continuing possibilities of the partnership.

*　　*　　*　　*

BIBLIOGRAPHY

National Assembly of National Voluntary Health and Social Welfare Organizations. 1991. *The Community Collaboration Manual* Washington, D.C. January.

This manual was written to help human service organizations develop their organizations and governance structures to be effective representatives of the client community. Issues of leadership, interagency collaboration, and maintaining connections with the beneficiaries of organizations services are discussed.

Kretzmann, John P. and John L. McKnight. 1993.*Building Communities from the Inside Out—A Path Toward Finding and Mobilizing a Community's Assets.* Northwestern University, Evanston, Illinois.

This is a good treatment of methods for identifying and gaining access to community resources to further nonprofit organizations' mission.

Oleck, Howard L. and Stewart, Martha E. 1994. *Nonprofit Corporations, Organizations and Associations.* Prentice-Hall. Englewood Cliffs, New Jersey.

This is a tome of detailed information on all aspects of governance of nonprofit organizations. Written by attorneys for the most part, it is not user-friendly, but provides an excellent reference for attorneys or other knowledgeable staff who are advising nonprofit boards. All nonprofit corporations should have a copy of this document in their library.

Melaville, Atelia I. and Martin J. Blank. 1993. *Together We Can.* U.S. Department of Education and U. S. Department of Health and Human Services. Government Printing Office, Washington, D.C.

This document offers some insight and background on board training around the work of creating a vision and mission statement.

Arkoff, Russell L. 1970. *A Concept of Corporate Planning.* John Wiley and Sons, Inc. New York.

This is a standard college text on corporate planning which offers a framework for strategic and tactical planning.

Taylor, Barbara E., Richard P. Chait and Thomas P. Holland. 1996. *The New Work of the Nonprofit Board.* Harvard Business Review. October.

This is an article that discusses new trends in the roles and responsibilities of boards of nonprofit organizations. It will be especially useful to boards who are revisiting their mission statement and board functions.

Bruno, Lee and Meltzer, A. 1994. *The Change Agent Guide.* U.S. Department of Labor. Washington, D.C.

This is a user-friendly technical assistance guide written to help Job Training and Partnership Act grantees bring about better collaboration between schools and employers relative to school-to-work programs. However, it provides a clear strategy for acting as an agent of change among organizations needed for collaborative projects. It also has a compendium of tips for organizing meetings, improving communications, and making presentations.

Slesinger, Larry. 1995. *Self-Assessment for Nonprofit Governing Boards, (Excerpt)*. National Center for Nonprofit Boards. Washington, D.C.

This document is an evaluation tool designed to help nonprofit boards determine how well they are carrying out their major responsibilities and highlight areas that need improvement.

Carver, John. Revised 1997. *Boards That Make A Difference (Excerpt)*. Jossey-Bass.

The excerpt detailed the elements of Carver's "Policy Governance Model" and highlighted the significance of the model for more effective board governance.

LeFore, James. *Redirecting Boards (Excerpt)*. Planned Parenthood.

This excerpt highlighted the importance of strong leadership to board effectiveness and offered ground rules for board chair and chief executive relationships.